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## TWO FACTOR THEORY FOR INNOVATIVE RETENTION IN THE CANADIAN ARMED FORCES

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**JCSP 39**

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**TWO FACTOR THEORY FOR INNOVATIVE RETENTION IN THE  
CANADIAN ARMED FORCES**

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7 July 2014

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## ABSTRACT

The CAF is operating in an ever more complex environment where security threats both home and abroad are increasingly unpredictable while the availability of personnel, "Defence's most important resource"<sup>1</sup>, is at a premium due to numerous factors including the impending retirement of baby boomers, a smaller post FRP bubble cohort and the evolving needs of Generation X and Generation Y members. In order to motivate and retain the experienced personnel that the CAF requires to achieve the missions set out within the CFDS, the CAF must ensure that it is an employer of choice. Lacking unlimited resources to retain these personnel, the CAF must achieve this goal within the Defence Renewal vision of a "lean and efficient organization."<sup>2</sup> Fostering an environment where personnel are motivated in their jobs will enable the CAF "to get better at achieving the maximum value of every dollar in order to carry the CFDS momentum forward."<sup>3</sup> The push to retain experienced personnel is not simply an exercise in resource management; it is an operational requirement. While the spotlight on retention may have dimmed in recent years due to lower attrition rates and despite forecasts in 2011 that the voluntary attrition rate would decrease, attrition has increased over the past three fiscal years while recruitment has failed to meet targets. Coupled with future demographic challengers, there is a real need for innovative policies to motivate and retain talented and experienced personnel in the CAF.

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<sup>1</sup> Department of National Defence, *Canada First Defence Strategy*, last modified 27 July 2013, <http://www.forces.gc.ca/en/about/canada-first-defence-strategy.page?>

<sup>2</sup> Department of National Defence, *Defence Renewal Charter*, last modified October 2013, 7. [http://www.forces.gc.ca/assets/FORCES\\_Internet/docs/en/about/defence-renewal-charter.pdf](http://www.forces.gc.ca/assets/FORCES_Internet/docs/en/about/defence-renewal-charter.pdf)

<sup>3</sup> *Ibid.*, 7.

To this end, it is recommended that the 2009 *CF Retention Strategy* be revitalized to address the Hygiene factors of Family Considerations, Work Life Balance, and Pay and Benefits and the Motivator factor of Nature of Work Itself. Implementing measures to address both Hygiene and Motivator needs should serve to decrease job dissatisfaction, increase motivation through job satisfaction and increase retention. It is recommended that the CAF look to foreign militaries and organizations, particularly the Australian Defence Force (ADF), to implement innovative policies related to geographic stability, flexible work arrangements, flexible benefit program and sabbaticals. Additionally, as the CAF is in many ways limited in how it can improve the conditions related to the Nature of Work Itself, developing an environment that more naturally facilitates job satisfaction in a broader context, and thus organizational commitment and retention, will require the CAF to provide "the ingredients that man required on his job if he is to continually find satisfaction in doing it."<sup>4</sup>

The recommendations for a revised CAF Retention Strategy outlined herein should lay the foundation for the an environment where personnel are motivated in their jobs such that the CAF "to get better at achieving the maximum value of every dollar in order to carry the CFDS momentum forward."<sup>5</sup> Simply looking at the current attrition rates, finding them to be satisfactory and accepting the status quo should not be an option. To succeed within the vision of Defence Renewal, the CAF must "continuously [find] ways to better conduct the business of defence, that frees up resources to be reinvested in operational capabilities and readiness, and that delivers the best military capabilities at the

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<sup>4</sup> Frederick Herzberg, *Work and the Nature of Man* (Cleveland: The World Publishing Company, 1966), 177.

<sup>5</sup> Department of National Defence, *Defence Renewal Charter*, 7.

best value for Canadians."<sup>6</sup> Implementing the initiatives recommended herein represents a better way to conduct the business of motivating and retaining the very people who are Defence's most important resource.

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<sup>6</sup>*Ibid.*, 3.



## INTRODUCTION

The Canadian Armed Forces (CAF) is operating in an ever more complex environment where security threats both home and abroad are increasingly unpredictable while the availability of personnel, "Defence's most important resource"<sup>7</sup>, is at a premium due to numerous factors including the impending retirement of baby boomers, a smaller post FRP bubble cohort and the evolving needs of Generation X and Generation Y members. In order to retain the skilled personnel that the CAF requires to achieve the missions set out within the Canada First Defence Strategy (CFDS), the CAF must ensure that it is an employer of choice. Lacking unlimited resources to retain these personnel, the CAF must achieve this goal within the Defence Renewal vision of a "lean and efficient organization."<sup>8</sup> Fostering an environment where personnel are motivated in their jobs will enable the CAF "to get better at achieving the maximum value of every dollar in order to carry the CFDS momentum forward."<sup>9</sup> In an effort to better understand the individuals which the CAF aims to retain, their demographics and generational characteristics will be presented. Additionally, recent data on retention and attrition, and the intentions of currently serving members, will be reviewed. This paper will investigate current theory to determine what factors satisfy personnel and motivate them both towards performance and efficiency and to remain with an organization. Together, this information will be used to highlighted where the CAF should focus its attention to implement the most efficient changes motivate and to encourage retention of the experienced CAF personnel. Foreign military policy and academic literature will be evaluated to determine if there are

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<sup>7</sup> Department of National Defence, *Canada First Defence Strategy*.

<sup>8</sup> Department of National Defence, *Defence Renewal Charter*, 7.

<sup>9</sup> *Ibid.*, 7.

alternate or innovative options that could be incorporated within the CAF's package to achieve this dual purpose aim.

## CHAPTER ONE - CURRENT OPERATING ENVIRONMENT

*People are Defence's most important resource.*

*- Canada First Defence Strategy*

The CAF is operating in an ever more complex environment where security threats, both home and abroad, are increasingly unpredictable, yet real. In order to counter these threats, the CAF needs highly trained, skilled and motivated personnel to perform the myriad of activities required to accomplish the fundamental goal of "protect[ing] Canada, and Canadian interests and values, while contributing to international peace and security."<sup>10</sup> As will be detailed in the discussion to follow over the course of this paper, the availability of these personnel is at a premium due to a number of factors, however, the CAF must retain and motivate these personnel to accomplish its lofty goal. In this chapter, the strategies and policies that govern the CAF and set the stage for the environment within which the CAF must seek to motivate and retain personnel in order to respond to current and future security threats will be examined.

In order to provide Canadians with "a highly capable military that can keep them safe and secure while effectively supporting foreign policy and national security objectives," the Government of Canada has "committed to rebuilding the Canadian Forces [CF] into a first-class, modern military."<sup>11</sup> Rebuilding of the CF, recently "rebranded" as the CAF, as it will subsequently be referred to in this discussion except where otherwise named in direct quotations, was required following the "decade of darkness" in which military spending, both on personnel and equipment, was much reduced. This reduction

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<sup>10</sup> Department of National Defence, *Departmental Performance Report 2012-2013: Part III - Estimates*, last accessed 14 January 2014.  
<http://www.forces.gc.ca/en/about-reports-pubs-departmental-performance/2013-table-contents.page?>, 3.

<sup>11</sup> Department of National Defence, *Canada First Defence Strategy*.

in defence spending was a consequence of the end of the Cold War and left the CAF "seriously unprepared to deal effectively with this increasingly complex global environment."<sup>12</sup> Of particular significance to the current discussion concerning personnel, one of the ways in which the CAF dealt with the budget reductions of the 1990s was through the Force Reduction Plan. The implementation of this Plan saw the number of Regular Force personnel in the CAF dramatically reduce from approximately 89,000 at the end of the Cold War Era to below 60,000 in the 1990s.<sup>13</sup> The implications of this personnel reduction to the greater discussion on retention within the CAF will be discussed in detail in Chapter Two. Recognizing that "building an effective military is an ongoing process," in 2006 the Government of Canada released the *Canada First Defence Strategy (CFDS)*, translating their vision of a first-class, modern military into a "comprehensive 20-year investment plan" that "establishes explicit objectives for the Canadian Forces."<sup>14</sup>

The *CFDS* presents a "detailed road map for the modernization of the Canadian Forces" that will "deliver a balanced, multi-role, combat-capable force" that is "well trained, well equipped and ready to take on the challenges of the 21st century."<sup>15</sup> Through the *CFDS*, the Government provides the CAF clear direction concerning three specific goals: Defending Canada, Defending North America and Contributing to International Peace and Security. The *CFDS* further describes the six core missions for the CF. These core missions are: Conduct daily domestic and continental operations, Support a major international event in Canada, Respond to a major terrorist attack, Support civilian

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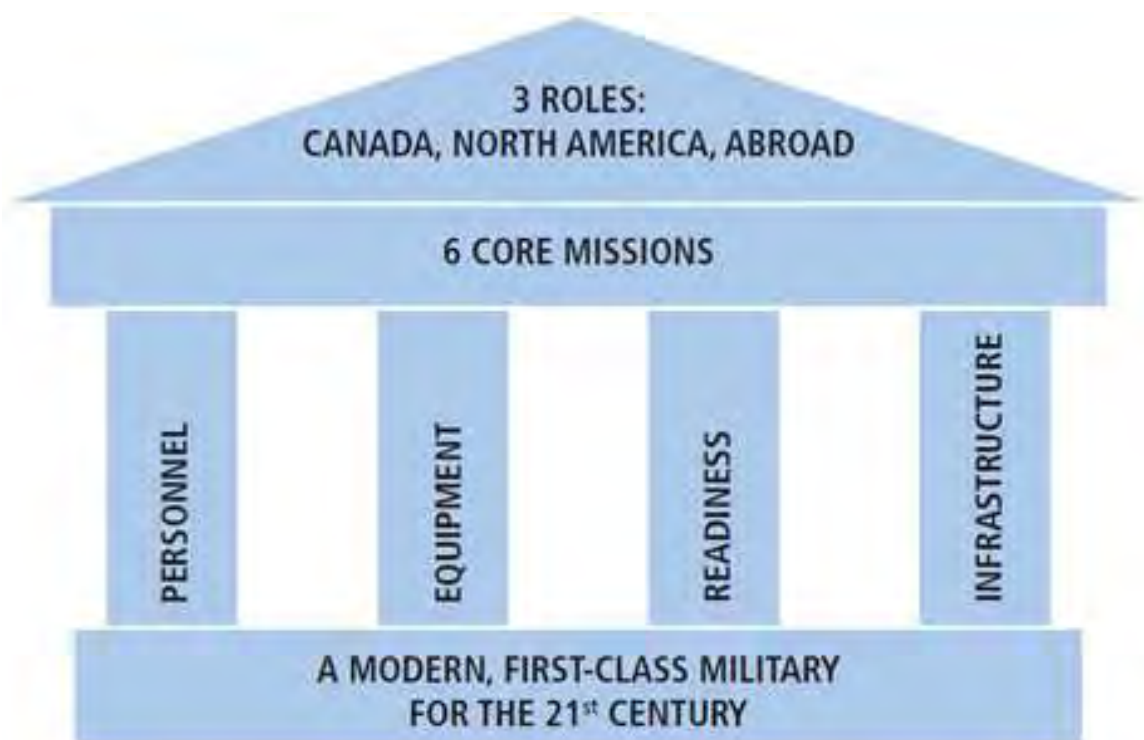
<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> *Ibid.*

authorities during a crisis in Canada, Lead and/or conduct a major international operation for an extended period, and Deploy forces in response to crises elsewhere in the world for shorter periods. To achieve all of these missions, the CAF relies "heavily on the work and expertise of dedicated personnel to ensure the operational effectiveness of the military."<sup>16</sup> In order to provide the Government the "maximum flexibility [to counter] the full spectrum of security challenges," the mandate of the *CFDS* "is to maintain balance across the four pillars upon which military capabilities are built - personnel, equipment, readiness and infrastructure." The *CFDS* is visualized below in Figure 1.



**Figure 1: Visualization of the Canada First Defence Strategy**

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<sup>16</sup> *Ibid.*

In broad terms, the Infrastructure pillar "includes measures that will result in an overall improvement in the condition of defence infrastructure over the long term," while the Readiness pillar will "further enhance the readiness of the Canadian Forces...[through] planned, rather than ad-hoc investments."<sup>17</sup> Through the Equipment pillar, "the Government has committed to renewing the Forces' core equipment platforms," specifically: "15 ships to replace existing destroyers and frigates; 10 to 12 maritime patrol aircraft; 17 fixed-wing search and rescue aircraft; 65 next-generation fighter aircraft; and a fleet of land combat vehicles and systems."<sup>18</sup> Finally, the Personnel pillar "provides the resources needed to expand the Forces to 70,000 Regular Force [personnel]."<sup>19</sup> The *CFDS* acknowledges the challenges associated with this objective, indicating that "the cost of increasing military strength by 1,000 regular personnel is about \$150 million annually - and this does not include the associated equipment, infrastructure and training. Overall, just over 50 percent of National Defence's budget is spent on personnel."<sup>20</sup> Additionally, the *CFDS* acknowledges that while striving to achieve this increase in Regular Force strength during the impending period of demographic challenge facing the Canadian workforce at large will require the CAF to retain "quality candidates that reflect the face of Canada."<sup>21</sup>

While the *CFDS* "specifies the ends, ways and means for achieving Canada's requisite defence capabilities over the long term,"<sup>22</sup> the *Canadian Forces Military Personnel Strategy (CFMPS)*, released in 2011, focuses on the Personnel pillar and

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<sup>17</sup> *Ibid.*

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*

<sup>21</sup> *Ibid.*

<sup>22</sup> Department of National Defence, *Canadian Forces Military Personnel Strategy* (Ottawa: DND Canada, October 2011), 3.

"prescribes a strategy for delivery military personnel capability in the years to come."<sup>23</sup> The *CFMPS* emphasizes the need to look forward when dealing with personnel issues as "it is by looking forward that we can anticipate change and set our course to avoid these obstacles or meet them head on with the right tools and resources so as to ensure our ability to provide a relevant personnel capability now and into the future."<sup>24</sup> Establishing the focus of the Chief Military Personnel (CMP) to just beyond 2020, the *CFMPS* recognizes that "the most critical challenges facing CMP today stem not only from the increased complexity and uncertainty present in the personnel environment, but equally, from the drive to reduce spending on personnel as a proportion of the Investment Plan."<sup>25</sup> The notion of fiscal restraint when discussing personnel, and furthermore retention, is a concept that will be revisited frequently during the course of this discussion.

With the vision of being "the leading practitioner of military personnel management through an integrated personnel management system that is operationally focused, responsive to stakeholders, and reflects the priorities of the Canadian Forces"<sup>26</sup> to deliver the required military personnel capability in the years to come, the *CFMPS* sets out four personnel goals with supporting objectives. These four goals are: Enabling Governance, Personnel Generation, Personnel Support and Force Generation. While the majority of the goals and their embedded objectives could be argued to have an impact on attrition and retention, for the purposes of this paper, specific objectives within the realm of the Personnel Generation and Personnel Support goals will be discussed. Within the goal of Personnel Generation, the *CFMPS* has the supporting objective that "CMP has

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<sup>23</sup> *Ibid.*, 1.

<sup>24</sup> *Ibid.*, 1.

<sup>25</sup> *Ibid.*, 5.

<sup>26</sup> *Ibid.*, 5.

developed...[a] retention strategy for the CF [Canadian Forces] that accounts for emerging demographic challenges and workforce expectations for the 21st century."<sup>27</sup> Within the Personnel Support System goal, the *CFMPS* has two supporting objectives that are germane to this discussion. The first is that "the CF provide a total compensation and rewards package that is fair, equitable and flexible," while the second is that "CMP develops and maintains family support programs to mitigate the stresses of the military lifestyle and its demands."<sup>28</sup>

The *CFMPS* acknowledges that there are numerous risk associated with this strategy, among them Ageing Demographics and Remuneration. The risk associated with Ageing Demographics is that "the ageing demographics of the CF raises concerns over the impending loss of talent and experience"<sup>29</sup> and is rated as High. Remuneration, the risk that "as a result of Treasury Board constraints, DND/CF will remain limited in their capacity to remain competitive with respect to remuneration in a number of occupational areas,"<sup>30</sup> is assessed as Significant.

In order to address the strategic objectives within the four main goals, the *CFMPS* lays out specific Strategic Initiatives, noting that "these initiatives take into account the CFDS direction to rebalance the investment distribution among the CFDS pillars."<sup>31</sup> The *CFMPS* further elaborates that "all initiatives are targeted for completion within the next five years;"<sup>32</sup> thus by 2016. One of the strategic initiatives within the goal of Personnel Generation that is tailored to address the Supporting Objective associated with demographics is "mitigate the negative impacts of the ageing Canadian and CF

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<sup>27</sup> *Ibid.*, 6.

<sup>28</sup> *Ibid.*, 7.

<sup>29</sup> *Ibid.*, 9.

<sup>30</sup> *Ibid.*, 9.

<sup>31</sup> *Ibid.*, 10.

<sup>32</sup> *Ibid.*, 10.



population to prevent massive knowledge and talent loss."<sup>33</sup> The action to be taken to achieve this initiative is to "execute a comprehensive and integrated CF Retention Strategy."<sup>34</sup> The *CF Retention Strategy* itself and its performance with respect to the prevention of the massive knowledge and talent loss will be discussed later in this paper. Within the realm of Personnel Support, no Strategic Initiative ties in to the Supporting Objective concerning the total compensation and rewards package, nor the risk associated with remuneration. In regard to the Supporting Objective pertaining to family support programs, however, there is a Strategic Initiative to "develop support programs for CF families that enhance quality of military lifestyle and mitigate the stresses of military service."<sup>35</sup> The action associated with this initiative is to "undertake to improve military family support programs in the areas of childcare, education, employment, deployment, mental health and social support, access to medical care and outreach and partnerships."<sup>36</sup>

Supporting military families is not a new concept for the CAF. In fact, one of the findings from the Department of National Defence and Canadian Forces (DND/CF) Ombudsman's recent Special Report *On the Homefront: Assessing the Well-being of Canada's Military Families in the New Millennium* finds that "today's military families receive more support than ever."<sup>37</sup> The driving force behind this systematic review of the support given to military families, however, was the "increase in family-related complaints to the DND/CF Ombudsman." The report provides numerous recommendations that will be discussed in greater detail in Chapter Six. The findings of

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<sup>33</sup> *Ibid.*, 10.

<sup>34</sup> *Ibid.*, 10.

<sup>35</sup> *Ibid.*, 11.

<sup>36</sup> *Ibid.*, 11.

<sup>37</sup> Department of National Defence Ombudsman, *On the Homefront: Assessing the Well-being of Canada's Military Families in the New Millennium* (Ottawa: DND Canada, November 2013), 3.

this report are relevant to the discussion at hand as "most fundamentally, better support to families will invariably impact retention and attrition, which in turn influence recruiting, training, and employment, all big ticket expenditures."<sup>38</sup> As does the *CFMPS, On the Homefront* clearly acknowledges the environment of fiscal constraint in which the CAF currently finds itself, noting that "it will be rightly be asked how the Canadian Forces can implement the recommendations put forward in this investigation during a period of fiscal restraint, as there will obviously be costs associated with some of the recommendations."<sup>39</sup> The report astutely identifies, however, that "the costs involved in not successfully supporting military families are unthinkable from a national security perspective."<sup>40</sup>

The recurring theme of achieving significant objectives within an environment of fiscal constraint has figured prominently in the previously mentioned documents. Specifically, "beginning in 2009, in the wake of the global financial crisis and with budget restraint measures on the horizon, it became clear that [the CAF] needed to get better at achieving the maximum value of every dollar in order to carry the CFDS momentum forward."<sup>41</sup> This requirement was formalized with the launch of Defence Renewal. While the required missions for the CAF have been detailed in the *CFDS*, *Defence Renewal Charter* provides the framework within which these missions are to be accomplished, specifically with the vision of creating "a lean and efficient organization that continuously finds ways to better conduct the business of defence, that frees up resources to be reinvested in operational capabilities and readiness, and that delivers the

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<sup>38</sup> *Ibid.*, 74.

<sup>39</sup> *Ibid.*, 74.

<sup>40</sup> *Ibid.*, 74.

<sup>41</sup> Department of National Defence, *Defence Renewal Charter*, 7.

best military capabilities at the best value for Canadians."<sup>42</sup> Defence Renewal is outlined in two documents. The *Defence Renewal Charter* "provides the strategic overview of our roadmap...while the *Defence Renewal Plan* outlines a common set of detailed actions, activities, roles and responsibilities that will serve as the first step in launching the implementation of the roadmap."<sup>43</sup> Defence Renewal is envisioned to require five years to implement; thus to be completed by 2018. It is comprised of six major renewal themes: Operations and Training, Maintenance and Material, Information Management and Technology, Infrastructure, Personnel and Management Systems. While efforts will be made within all six themes to find efficiencies that will in turn permit resources to be redistributed elsewhere, and possibly towards activities that enhance retention, the themes of Operations and Training, Maintenance and Material, Personnel and Management Systems provide targeted opportunities towards this retention. The specific details will be discussed in Chapter Six, however, a general overview of these four themes is provided herein. The renewal theme of Operations and Training speaks to:

many of the inputs that enable the CAF to maintain its readiness to conduct missions: individual occupation training, collective training for CAF units, and front-line equipment maintenance. With the end of the combat mission in Afghanistan and a return to a more typical pace of operations, the focus of the CAF's readiness and training activities is shifting. The CAF must be prepared and ready to meet a broad range of possible future tasks in line with evolving Government defence priorities.<sup>44</sup>

With respect to Maintenance and Material, this renewal theme pertains to "the maintenance of equipment and the supply of material... [which] are integral to the day-to-day activities of operational units."<sup>45</sup> The renewal theme of Personnel comprises:

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<sup>42</sup> *Ibid.*, 3.

<sup>43</sup> *Ibid.*, 5.

<sup>44</sup> *Ibid.*, 10.

<sup>45</sup> *Ibid.*, 12.

the recruitment, training, education, and career management of military personnel involves unique requirements and obligations, including the management of recruitment offices, schools, frequent rotations of personnel, and a complex training system designed to meet a diverse and wide range of present-day and future employment and leadership needs. At the same time, building a modern, technologically-advanced, and capable military is becoming increasingly dependent on having in place the right personnel with the right skill sets at the right time, and aligned to evolving capability and organizational needs.<sup>46</sup>

Finally, the Management Systems renewal theme encompasses the "structures and processes that govern how National Defence Headquarters (NDHQ) operates on a day-to-day basis."<sup>47</sup> In addition to the renewal themes, the *Defence Renewal Charter* also details the three organizational practices that the CAF wants "to strengthen as part of our initial renewal actions: Strategic Clarity, Disciplined Business Execution, and Openness & Trust."<sup>48</sup> The Charter specifies that "renewal in all three of these practices will help us to build the right conditions for successfully achieving the changes in performance integral to Renewal success."<sup>49</sup> Greater detail on how these four renewal themes and organizational practices can contribute to retention within the *lean and efficient* vision of Defence Renewal will be discussed in Chapter Six.

Though the vision and follow-on activities of Defence Renewal apply to the Defence Team specifically, they are in keeping with the greater Government of Canada thrust outlined in *Blueprint 2020: Building Tomorrow's Public Service Together*. Recognizing that "effective government requires high-performing public servants," *Blueprint 2020* "envisions a capable and high-performing Public Service that embraces innovation,

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<sup>46</sup> *Ibid.*, 16.

<sup>47</sup> *Ibid.*, 17.

<sup>48</sup> *Ibid.*, 19.

<sup>49</sup> *Ibid.*, 19.

transformation and continuous renewal."<sup>50</sup> This document, released in June 2013, acknowledges that the way in which the Public Service operates is being challenged by many factors, among them "increasing globalization, accelerating technological change, changing demographics, growing demand for...achievement of results as efficiently as possible, and shifting workforce expectation with respect to work and workplaces."<sup>51</sup> Specifically, *Blueprint 2020* acknowledges that "employees want more efficient and flexible ways of working to serve the Government and Canadians more effectively, and want the tools and technologies to do so." In order to achieve this vision, *Blueprint 2020* solicited feedback from public servants through a variety of media. Following six months of consideration, *Blueprint 2020 Summary Interim Progress Report* was released and "takes stock of the dialogue to date, identifies emerging themes and highlights exciting ideas to help define our shared future."<sup>52</sup> Of the reflections offered in this report, the following is felt to foreshadow the path the CAF will have to emulate to encourage retention:

Building the Public Service of tomorrow requires renewal and culture change and so must take place from the ground up by empowering our employees... It's important that public servants know that they can contribute to their workplace, which is critical to continuing to attract and retain talented people across the myriad of disciplines of the Public Service.<sup>53</sup>

With the fundamental goal to "protect Canada, and Canadian interests and values, while contributing to international peace and security,"<sup>54</sup> the strategies and policies examined above provide the framework for the CAF to achieve this goal. Furthermore,

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<sup>50</sup> Government of Canada, *Blueprint 2020*, last accessed 6 February 2014, <http://www.clerk.gc.ca/eng/feature.asp?pageld=349>

<sup>51</sup> *Ibid.*

<sup>52</sup> *Ibid.*

<sup>53</sup> *Ibid.*

<sup>54</sup> Department of National Defence, *Departmental Performance Report 2012-2013...*, 3.

however, they clearly lay out the expectation that the CAF will do so in an environment of increasing fiscal restraint and efficiency. The requirement to harmonize these purposes is succinctly stated in the 2012-2013 Departmental Performance Report:

The Department and the CAF continued to focus on ensuring sustainable operational excellence both at home and abroad, reconstituting and aligning the CAF post - combat operations in Afghanistan, and strengthening the Defence Team, all the while making a concerted effort at defence renewal with a strong focus on sound financial management.<sup>55</sup>

This environment necessitates the motivation and retention of the CAF's highly trained and skilled personnel, despite the fact that the availability of such personnel is at a premium. The CAF, however, does not have unlimited resources with which to do so. In the proceeding chapters, the demographics of the CAF will be investigated and the steps taken by the CAF to date to retain these highly trained and skilled personnel will be reviewed. Additionally, motivation theory will be reviewed to determine how the CAF can develop an environment that encourages job satisfaction and furthers Defence Renewal.

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<sup>55</sup> *Ibid.*, 3.

## CHAPTER TWO - CANADIAN ARMED FORCES CURRENT DEMOGRAPHICS

The provision of "a highly capable military that can keep [Canadians] safe and secure while effectively supporting foreign policy and national security objectives,"<sup>56</sup> inherently mandates that the CAF rely "heavily on the work and expertise of dedicated personnel to ensure the operational effectiveness of the military."<sup>57</sup> The ready supply of such personnel, however, is at a premium due to numerous factors including the impending retirement of Baby Boomers, a smaller post FRP bubble cohort and the evolving needs of Generation X and Generation Y members. In this chapter, the demographics of the CAF will be examined with the aim of defining distinct groups of serving personnel, based upon years of service, age and generation. This categorization of personnel will allow the CAF to understand its members, their potential differences and how this may impact motivation and retention strategies as the CAF moves forward with the Defence Renewal vision of creating a "lean and efficient organization."<sup>58</sup>

Through the *CFDS*, the Government of Canada "committed to rebuilding the Canadian Forces into a first-class, modern military."<sup>59</sup> Rebuilding of the CAF was required following the "decade of darkness" in which military spending, both on personnel and equipment, was much reduced. Specifically, "between the ends of FY 1990/1991 and 1997/1997 the [Total Strength (TS)] was reduced from 86 000 to 62 000."<sup>60</sup> A slower decline in the TS of the Regular Force continued "until surge recruiting

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<sup>56</sup> Department of National Defence, *Canada First Defence Strategy*.

<sup>57</sup> *Ibid.*

<sup>58</sup> Department of National Defence, *Defence Renewal Charter*.

<sup>59</sup> Department of National Defence, *Canada First Defence Strategy*.

<sup>60</sup> Department of National Defence, *Annual Report on Regular Force Personnel 2010/2011*. (Ottawa: DND Canada, February 2013): 3, <http://www.forces.gc.ca/en/about-reports-pubs-departmental-performance/2013-table-contents.page?>

was introduced in FY 2000/2001."<sup>61</sup> According to the *Annual Report on Regular Force Personnel 2010/2011*, the FY 2000/2001 surge recruiting plan, which was to see the TS of the Regular Force increase to "68 000 by FY 2011/2012...was met in FY 2009/2010."<sup>62</sup> As of 31 March 2011, "the Regular Force population was 68 278."<sup>63</sup> Though the *Annual Report on Regular Force Personnel 2010/2011* is the most recent of this publication, the *Departmental Performance Report 2012-2013: Part III - Estimates* confirms that "the long-term objective of maintaining the Regular Force total strength at 68,000 ( $\pm 500$ ) was met in FY 2012/2013."<sup>64</sup> The TS of the Regular Force over the past 20 years to end FY 2010/2011 is provided in Figure 2.

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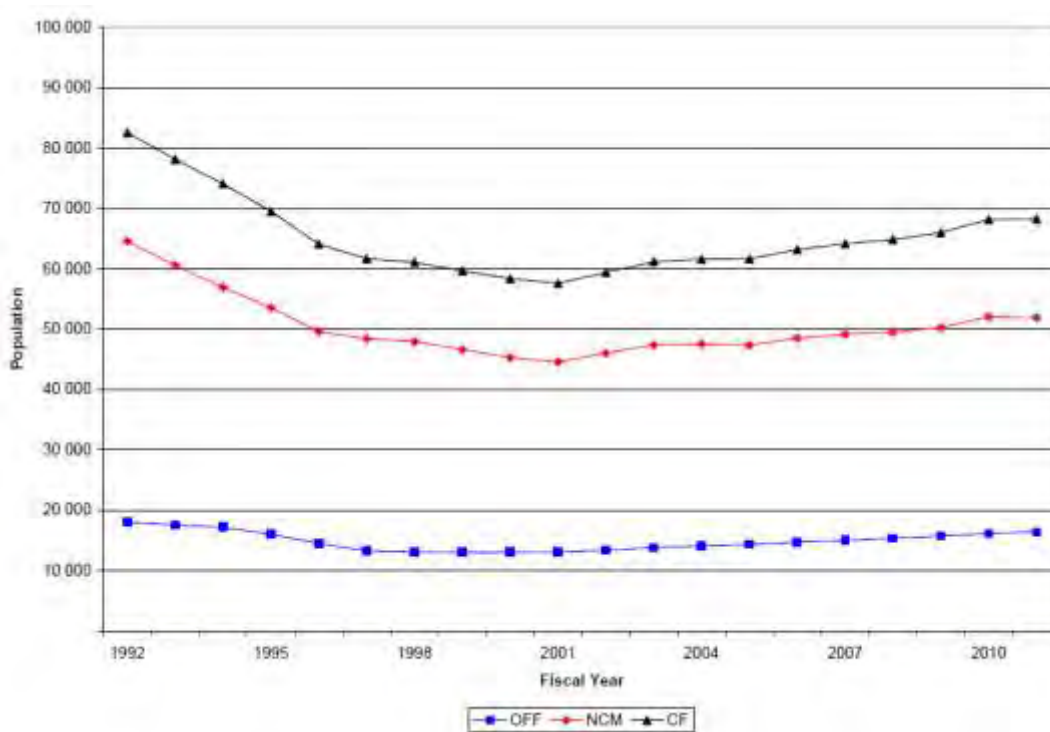
<sup>61</sup> *Ibid.*, 3.

<sup>62</sup> *Ibid.*, 3.

<sup>63</sup> *Ibid.*, 3.

<sup>64</sup> Department of National Defence, *Departmental Performance Report 2012-2013...*, 30.



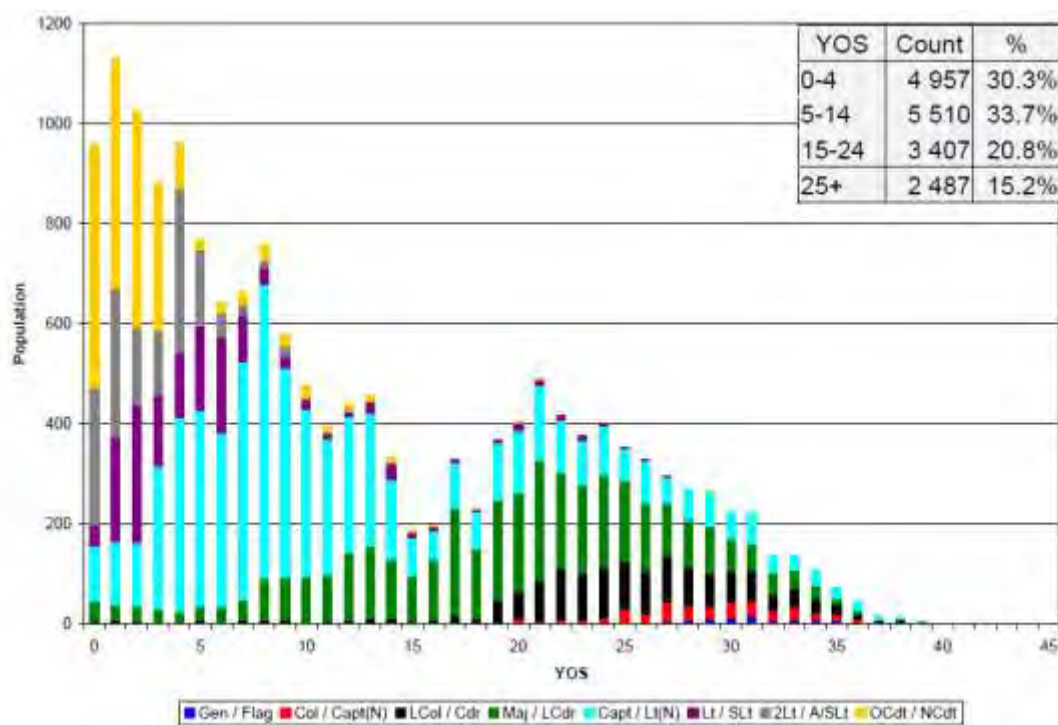


**Figure 2: Regular Force Total Strength for 20 years ending FY 2010/2011<sup>65</sup>**

Of particular significance to the current discussion concerning personnel and retention, one of the ways in which the CAF dealt with the budget reductions of the 1990s was through the Force Reduction Plan. As detailed above, the implementation of this plan saw the TS of the Regular Force drop from 86,000 to 62,000 within the span of a few years. This reduction in personnel was achieved offering early retirement packages to trained personnel coupled with a dramatic reduction in recruitment. This period was then followed by a surge in recruiting in the 2000s. The net result of these initiatives is a valley in the Regular Force Years of Service (YOS) demographics in which there is a significant decrease in the number of personnel who entered the CAF during the 1990s, followed by a marked increase in the number of personnel who entered the CAF during the early 2000s. The effects of the reduction and subsequent increase in recruiting and the impact

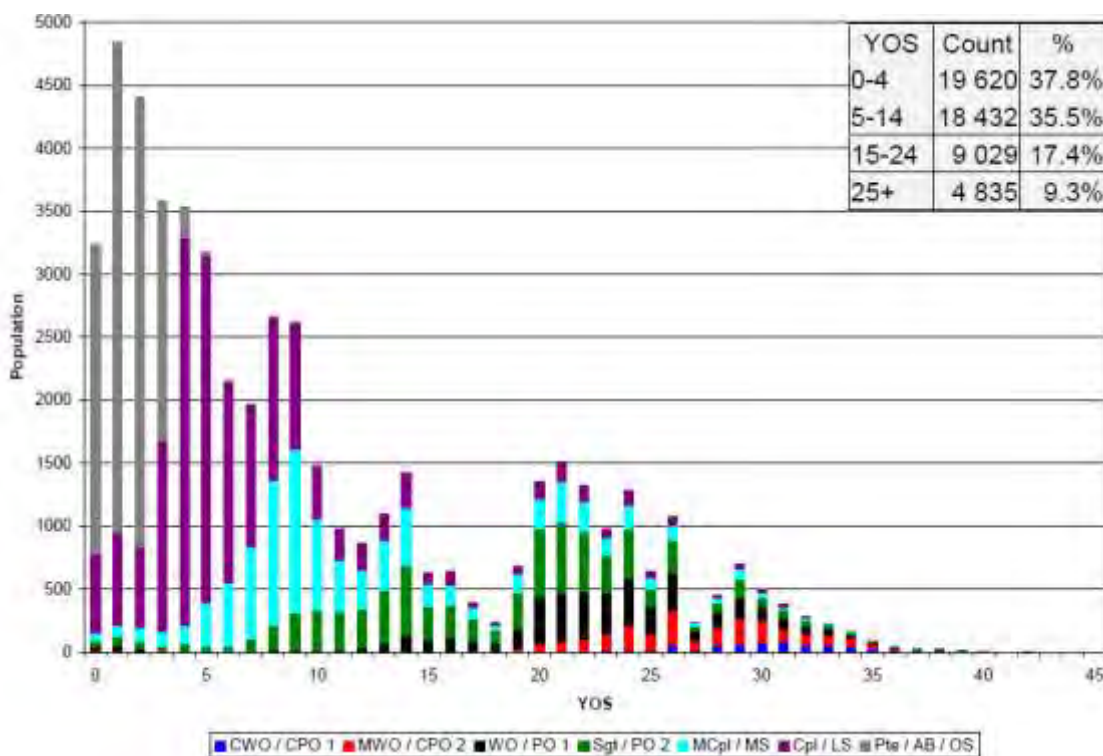
<sup>65</sup> Department of National Defence, *Annual Report on Regular Force Personnel 2010/2011*, 4.

on the YOS, and thus experience, of Regular Force personnel can be seen in Figure 3 for Officers and Figure 4 for Non-Commissioned Members (NCMs).



**Figure 3: Officer Population by YOS and Rank as of 31 March 2011<sup>66</sup>**

<sup>66</sup> *Ibid.*, 6.



**Figure 4: NCM Population Profile by YOS and Ranks as of 31 March 2011<sup>67</sup>**

Based on the graphs presented in Figure 3 and Figure 4, it is apparent that for both the Officer and NCM population profiles by YOS as of 31 March 2011, there are essentially three groups of personnel. At this stage, the groups, and some of their characteristics, will be established. The first group, Group 1, consists of those members with 20 or more YOS. These personnel represent the cohort with the most experience, but also those who are, for the most part, the oldest. This group is comprised mainly of those who are already in more senior leadership positions. The majority of officers are Major and above while the NCMs in this group are predominantly Sergeants and above. The second group, Group 2, based on the YOS profile are the "post FRP bubble" (or valley as it is also referred to) and are represented by those personnel with 15 to 19 YOS. Also included in this group are those with 10 to 14 YOS as there is also a marked decrease in

<sup>67</sup> *Ibid.*, 7.

personnel herein. The 10 to 19 YOS group are the up and coming leaders within the CAF. Officers within this group are Captains and Majors while the NCMs are Master Corporals and Sergeants. The final group, Group 3, representing the majority of the population, is those with 0 to 9 YOS. Specifically, as of 31 March 2011, "approximately 50% of officers have less than 10 YOS and approximately 50% of NCMs have less than 8 YOS."<sup>68</sup> These are the new recruits who, for the most part, are gaining their experience through basic and trade specific training, as well as the junior ranks amongst the Officers and NCMs who are obtaining on the job experience.

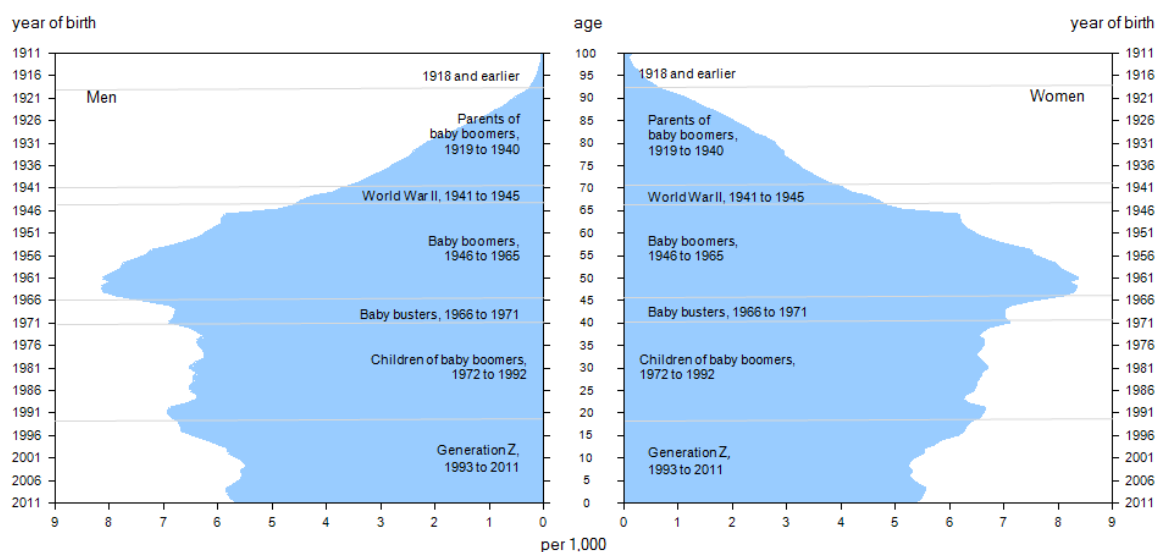
The drop in the population illustrated in both Figure 3 and Figure 4 at the 15 to 19 YOS mark, and less so at the 11 to 14 YOS mark, is a cause for concern and the impetus for action for retention as this smaller number of personnel will be called upon, in the not so distant future, to fill important positions within the CAF as the incumbents retire. If the CAF does not move actively to retain these people, those with fewer than 10 YOS will be promoted beyond their experience to fill the gap. While those individuals may have all the potential in the world, they may not have the required experience and expertise and this will challenge the CAF's ability to fulfil it's CFDS mandated missions within the vision of Defence Renewal.

Adding to this call for action is the reality that there is not a large pool of Canadians seeking to enter the CAF. While the focus of this paper is not on recruitment, a brief overview of the available Canadian population is appropriate. According to Statistics Canada "in 2011, census data showed for the first time that there were more people aged 55 to 64, typically the age group where people leave the labour force, than

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<sup>68</sup> *Ibid.*, 9.

aged 15 to 24, typically the age group where people enter it."<sup>69</sup> The demographic shift in Canada is illustrated in Figure 5.



**Figure 5: Portrait of generations, using the age pyramid, Canada, 2011<sup>70</sup>**

Figure 5 clearly shows that the available pool of future military members is not increasing. Moreover, the percentage of the individuals within this decreasing population of future recruits that resembles the traditional CAF recruit is shrinking even more. This paper has not addressed the efforts currently being taken to increase the appeal of the CAF to a broader range of recruits nor has this discourse explored initiatives to increase recruitment globally. This reality is not a novel concept, with Department of National Defence acknowledging in 2007 that:

The CF must address not only the effects of the planned force reduction of the 1990s, which has left a shortage of personnel in the middle ranks (referred to as the 'force reduction bubble'), but also the challenges of

<sup>69</sup> Statistics Canada, "The Canadian Population in 2011: Age and Sex," last accessed 24 February 2014, <https://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-311-x/98-311-x2011001-eng.cfm>

<sup>70</sup> Statistics Canada, "Generations in Canada," last accessed 24 February 2014, [https://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-311-x/98-311-x2011003\\_2-eng.cfm](https://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-311-x/98-311-x2011003_2-eng.cfm)

attracting talent in a highly competitive labour market and of remaining representative of an increasingly diverse population.<sup>71</sup>

As mentioned, the focus of this paper is not on recruiting and the associated challenges, however, it is essential that it be stressed that recruitment cannot be seen as the solution to the YOS demographic situation facing the CAF, especially when training and gaining experience on the job are factored in to the equation.

When discussing YOS and retention, it is helpful to have a brief understanding of the contract between the Canadian Armed Forces and its members. The Terms of Service (TOS) is "an agreement between a member and the CF to provide military service until lawfully released. TOS provide a framework for the training, employment and personnel development requirements of the CF."<sup>72</sup> Upon enrolment, new members typically sign a Variable Initial Engagement (VIE) for a period of three to nine year. Upon completion of their initial contract, the majority of CAF personnel are offered an Intermediate Engagement Twenty-Five (IE25), a contract for fixed period of service in the Regular Force of 25 years of continuous service. Upon completion of 20 years of service, the member would be eligible for an immediate annuity upon release/retirement. For the most part, upon completion of the IE25, the member would be offered a combination of available options, including a Continuing Engagement (CE) or Indefinite Period of Service (IPS), until such time as the member chose to leave the military or reached the Compulsory Retirement Age (CRA) at age 60. As will be discussed in the next chapter, as

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<sup>71</sup> House of Commons, Government Response to the Eleventh Report of the Standing Committee on Public Accounts, *Chapter 2, National Defence - Military Recruiting and Retention of the May 2006 Report of the Auditor General of Canada*, 16 April 2007.

<sup>72</sup> Department of National Defence. ADM(HR-MIL) INSTRUCTION 05/05 - The New CF Regular Force Terms of Service. Last modified 17 January 08.  
<http://cmp-cpm.forces.mil.ca/mpi-ipm/05-05-eng.asp>

a retention initiative, the CAF has recently revised the TOS, from an IE20 to an IE25, and extended CRA from age 55 to age 60.

In the discourse to following concerning the three identified groups and retention, the typical age, and thus generation, within these groups may figure into the discussion. While age and YOS do not necessarily correlate, particularly amongst recent recruits due to an increasing trend in recruiting older individuals, some generalizations from the available data is sought. The following two charts provide the age profiles for Officers, Figure 6, and NCMs, Figure 7.

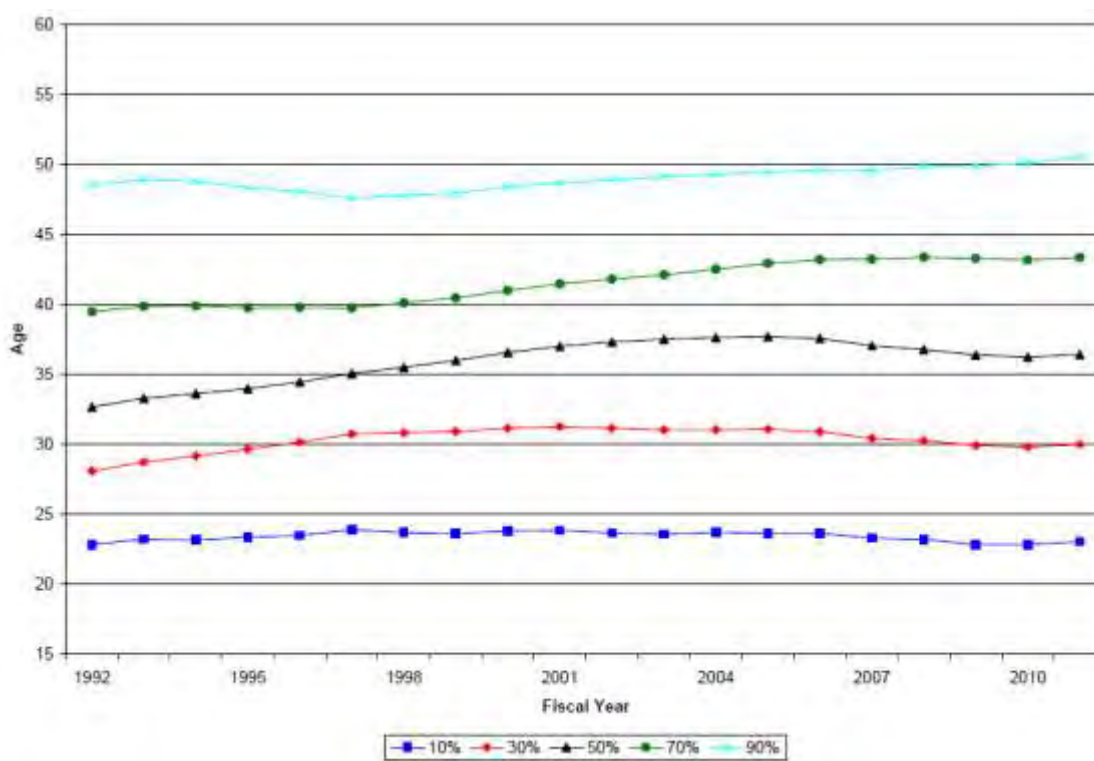


Figure 6: Officer Age Percentiles<sup>73</sup>

<sup>73</sup> Department of National Defence, *Annual Report on Regular Force Personnel 2010/2011*, 11.

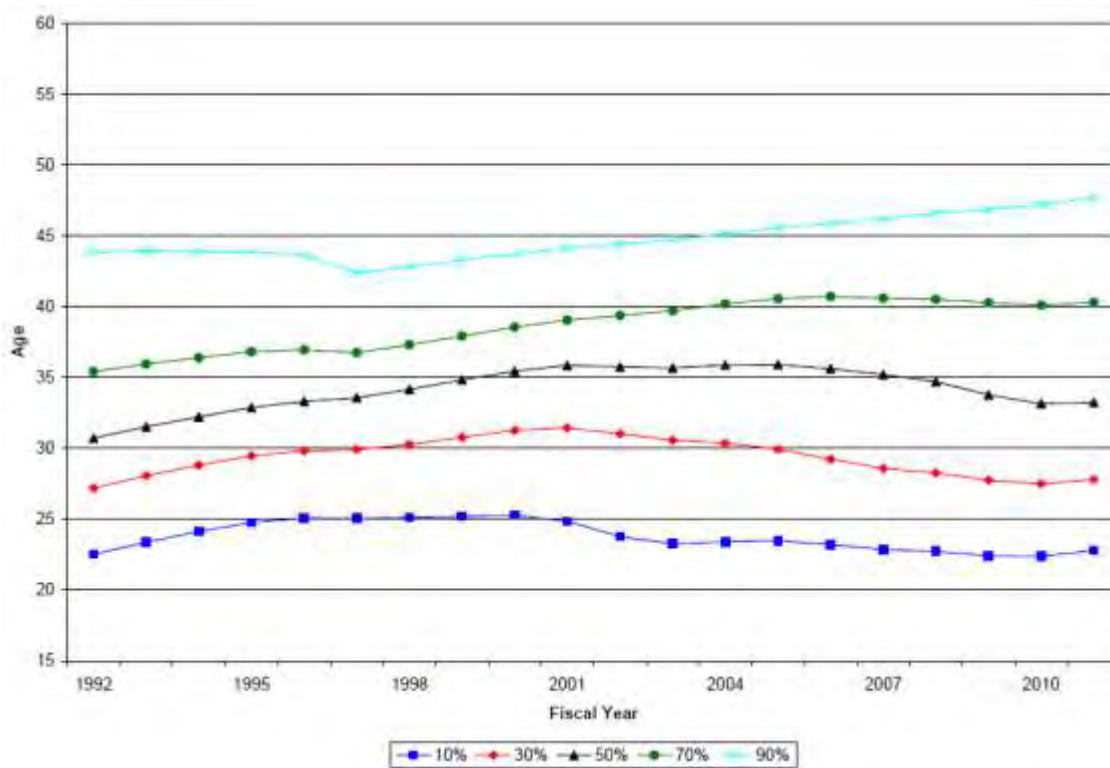


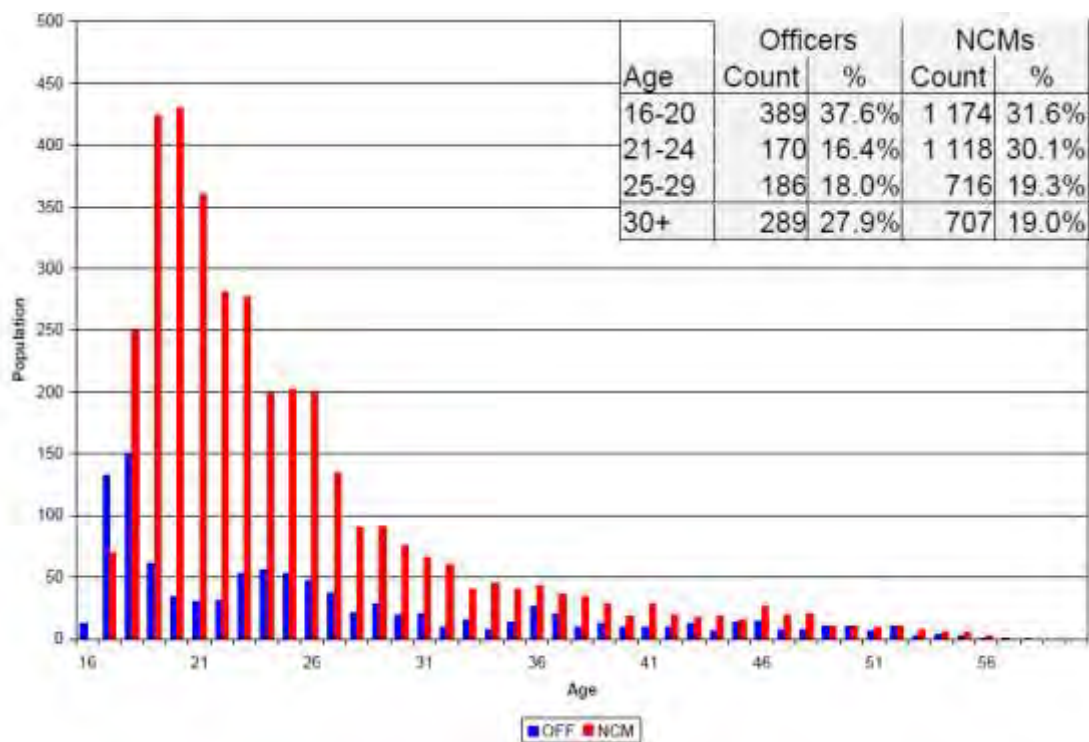
Figure 7: NCM Age Percentiles<sup>74</sup>

In broad terms, these graphs show that as of 31 March 2011, "approximately 50% of officers are under 36 years of age and approximately 50% of NCMs are under 33 years of age."<sup>75</sup> As information concerning the ages represented by the YOS groups created herein could not be obtained as the raw data for the *Annual Report on Regular Force Personnel 2010/2011* could not be provided to the author, generalizations will be made in the correlation between YOS and age. The chart below provides the recruit age distribution for FY 2010/2011.

<sup>74</sup> *Ibid.*, 12.

<sup>75</sup> *Ibid.*, 11.





**Figure 8: Recruit Age Distribution**<sup>76</sup>

For both Officers and NCMs, the vast majority of recruits are under 25 years of age and the average is closer to 20 years of age. While Chapter Four will speak in greater details to the characteristics of each generation, and the impact this might have on retention, a brief overview of the three main generations currently employed within the CAF will be provided now. As of 2011, using an average recruitment age of 20, the youngest members of the CAF, with 0 YOS, would have been born in 1991. At the upper end of Group 3, the 0 to 9 YOS group, the oldest members would on average be 29 years old and have been born in 1982. According to McCrindle Research, those born from 1980 to 1994 are a part of Generation Y (sometimes also referred to as Millennials).<sup>77</sup> As a result, the majority of Group 3 are members of Generation Y. The oldest members of

<sup>76</sup> *Ibid.*, 29.

<sup>77</sup> McCrindle Research, "Generations Defined," last accessed 13 February 2014, <http://mccrindle.com.au/resources/Generations-Defined-Sociologically.pdf>

Generation Y, born in 1980, would have been 31 years old in 2011. Based on Figure 6 and Figure 7, 30% of Officers were 30 years or younger and almost 40% of NCMs were 30 years or younger as of 31 March 2011. It is significant to note that Generation Y members consist of more than 30% of the TS of the Regular Force and are the future of the Regular Force. Those born from 1965 to 1979 are considered by McCrindle Research to be part of Generation X. In 2011, Generation X individuals would have been 32 to 46 years of age. Maintaining the assumed recruitment age of 20, Generation X individuals would have had 12 to 26 YOS in 2011. Consequently, it can be concluded that the majority of Group 2, those with 10 to 19 YOS, are members of Generation X. Based on Figure 6 and Figure 7, and removing those under 30 years or younger, approximately 40% of Officers and 30% of NCMs were 30 to 46 years old, of Generation X members, as of 2011. With a mandatory retirement age of sixty, the oldest members of the CAF in 2011 would have been born in 1951. Those born between 1946 and 1964 are referred to as Baby Boomers and are members of the CAF who were 47 to 60 years old as of 2011. Group 1, those with 20 or more YOS, is thus a mix of Generation X and Baby Boomers. For ease of reference, the generalized correlation between YOS, age and generation is provided in Table 1.

Group	YOS	Age	Generation
1	20 or more	40 and older	Generation X and Baby Boomer
2	10 to 19	30 to 39	Generation X
3	0 to 9	20 to 29	Generation Y

**Table 1: Generalized Correlation between YOS, Age and Generation as of 31 March 2011**

As a percentage of the population, the Baby Boomers are the largest generation to date. McCrindle Research noted in 2006, when the first of the Baby Boomers celebrated their 60th birthdays, that "over the next 18 years this huge generation will all sail past 60

and ease out of the workforce leaving a very significant labour and management void."<sup>78</sup>

Again, as the raw data from the *Annual Report on Regular Force Personnel 2010/2011* was not available, generalizations have been made in the correlation between YOS and age. There is no doubt that there are members of Generation X, and likely even Baby Boomers, with 0 to 9 YOS. Table 1, however, provides a broad assessment of these three distinct groups within the CAF from which it may be possible to formulate targeted retention strategies in the discourse to follow. It is stressed that these groups are established based upon 2011 data and that those amongst these groups still remaining in uniform in 2014 are now three years older. Equally importantly, a review of the CAF demographics through the lens of retention reveals that the senior leaders and policy makers within Group 1 are of a different generation from those within Groups 2 and 3 for which the majority of new retention initiatives will be directed towards. It will be important to understand any generational differences and how they may impact retention strategy. In this chapter, the demographics of the CAF were examined and three distinct groups of serving personnel were defined based upon years of service, age and generation as of 31 March 2011. This categorization of personnel may allow the CAF to specifically target each group for retention as the CAF moves forward with the Defence Renewal vision of creating a "lean and efficient organization."<sup>79</sup>

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<sup>78</sup> McCrindle Research, "New Generations at Work," 5, last accessed 13 February 2014. [http://mccrindle.com.au/resources/whitepapers/McCrindle-Research\\_New-Generations-At-Work-attracting-recruiting-retaining-training-generation-y.pdf](http://mccrindle.com.au/resources/whitepapers/McCrindle-Research_New-Generations-At-Work-attracting-recruiting-retaining-training-generation-y.pdf)

<sup>79</sup> Department of National Defence, *Defence Renewal Charter*.

### CHAPTER THREE - RETENTION AND ATTRITION IN THE CANADIAN ARMED FORCES

*The retention of highly trained and experienced sailors, soldiers, airmen and airwomen is fundamental to operational capability, military professionalism, and efficient personnel management, and therefore must be viewed as a leadership responsibility at all levels.*

- Major General Semianiw, *Military Personnel Retention Strategy*

Recruiting, attrition and retention have long been topics of intense scrutiny within the CAF. As discussed previously, it did not take long after the implementation of the FRP program to realize the negative impact that this program, along with decreased recruiting, had on the demographics within the CAF. Coupled with the increased pressure on the CAF due to the ongoing deployment in Afghanistan and other mandated missions, the manning levels within the CAF have demanded attention as any shortages in personnel can result in an operational pause, or a requirement to pull back on some commitments. Such a scenario was realized several times in the early 2000s with manning shortages contributing to the grounding of F-18s and the HMCS Huron being permanently tied up.<sup>80</sup> Discussions on recruiting, attrition and retention typically go hand in hand as recruiting alone is not the means to achieve the personnel goals of the CAF because newly recruited personnel do not have the requisite skills to meet operational demands immediately. While other papers, studies and personnel are focused on the recruiting challenges associated with the changing demographic profile and low interest among Canadian youth, the focal point of this paper is on retaining personnel and thus the discourse will focus on attrition and retention, which is essentially "the absence of

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<sup>80</sup> Christopher Ankersen and Losel Tethong, "Birds in Hand: The Need for a Retention Based Strategy for the CF," *Canadian Military Journal* (Summer 2001): 43.

employee attrition."<sup>81</sup> In order to stem attrition, the CAF needs to understand why members are leaving and look for potentially innovative ways to retain them.

To provide historical context to this discussion, recent retention and attrition policies and research will be reviewed. In 2001, the Canadian Forces Retention Strategy and Action Plan was developed to provide a roadmap for how the CAF would retain military personnel. This strategy was presented as "'strengthening the social contract" between the CF and its members. The process of strengthening the social contract involved transactional (i.e. monetary aspects) and relational (i.e. quality of life issues) approaches."<sup>82</sup> At that time, though the "overall attrition rate - between six and seven percent - was at or below historical levels,"<sup>83</sup> the CAF recognized that manning levels were lower than ideal and that recruiting would be a challenge. Traditionally, the attrition rate had been calculated "simply as a ration of those who leave during the year to the population present in that period,"<sup>84</sup> however, the CAF now defines attrition as "the proportion of individuals in a given population at a point in time who will be released within the next year."<sup>85</sup> Attrition rate is a particularly significant figure as "every one percent rise in total attrition translates into approximately 1,000 less trained effective personnel available to fill functional positions."<sup>86</sup> The attrition issues identified at that time related to above average attrition in some occupations and large numbers of personnel nearing pension eligibility.

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<sup>81</sup> Nancy Otis and Michelle Straver, "Review of Attrition and Retention Research for the Canadian Forces," DRDC CORA TM 2008-030, October 2008, 2.

<sup>82</sup> *Ibid.*, 15.

<sup>83</sup> Auditor General of Canada, *2006 May Status Report of the Auditor General of Canada* (Ottawa: Government of Canada, 2006), 63. <http://www.oag-bvg.gc.ca/internet/docs/20060502ce.pdf>.

<sup>84</sup> Nancy Otis and Michelle Straver, "Review of Attrition and Retention...", 15.

<sup>85</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 3.

<sup>86</sup> Department of National Defence, *Departmental Performance Report 2007-2008*, last accessed 7 May 2014, <http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/inst/dnd/dnd-eng.pdf>

In 2002, the Auditor General of Canada examined the Department of National Defence and found significant problems concerning recruiting and retention. Among these issues, it was found that the CAF "had problems addressing the issues that were causing people to leave the military, especially in some key occupations."<sup>87</sup> The aim of the 2006 Auditor General Report on Military Recruiting and Retention, the most recent examination by the Auditor General, was to determine whether the measures put in place following the 2002 Report had been implemented and whether these measures "are consistent with operational requirements and the Canadian Forces' transformation goals."<sup>88</sup> While the Department was found to have made progress since 2002, in that the decline in personnel had been stopped and the number of personnel available for duty was increasing, the Auditor General found that the increase in Trained Effective Strength (TES) was insufficient to meet manning goals. The Auditor General sagely summarized why retention itself was such a vital activity to the CAF, stating that the CAF is "faced with a changing Canadian demographic profile, a low interest among Canadian youth in joining the military, and increasing military operational demands."<sup>89</sup> Disappointingly, the 2006 Auditor General Report found that DND could not provide proof that the timelines and milestones associated with the retention strategy had been established or monitored. The concern that attrition would increase was founded, with the overall rate of attrition within the CF rising "from approximately 7% in FY (fiscal year) 2005-06, to 8% in FY

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<sup>87</sup> Auditor General of Canada, *2006 May Status Report of the Auditor General of Canada ...*, 47.

<sup>88</sup> *Ibid.*, 47.

<sup>89</sup> *Ibid.*, 47.

2006-07, and to 9% in FY 2007-08. The rate stabilized, remaining at 9% for FY 2008-09, then fell for the first time in five years to 7.6% in FY 2009-10."<sup>90</sup>

The 2006 Auditor General Report highlighted two retention initiatives implemented by the CAF to limit attrition: changes to Terms of Service and increased Compulsory Retirement Age. The Terms of Service is an agreement between the CAF and the member to provide military service. Created in a time when the availability of new recruits was high, the "terms of service were originally designed to release 80 percent of members at or before 20 years of service."<sup>91</sup> In an attempt to retain experienced personnel, the CAF revised the initial Terms of Service for new recruits in 2005 such that they now had to serve 25 years to be eligible for a pension. While this change in terms of service will undoubtedly contribute to a larger percentage of Group 3 (0-9 YOS) members remaining in the CAF longer, the majority of Group 2 (10-19 YOS) and Group 1 (20 years or more YOS) are under the 20 years terms of service and, as highlighted by the Auditor General report "this change may not affect the attrition of members who remain under the original terms of service."<sup>92</sup> While those under the IE20 have the option to convert to the IE25, data is not yet available on the conversion rate. In an attempt to retain currently serving personnel, the Compulsory Retirement Age was increased from 55 to 60 in 2004. Though not specifically listed in the Auditor General's Report, another initiative undertaken by the CAF to stem attrition and encourage retention of more experienced personnel was the granting of an additional five days of annual leave to those

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<sup>90</sup> Department of National Defence. "Backgrounder - Recruiting and Retention in the Canadian Forces." BG 11.007. Last modified 27 May 2011. <http://www.forces.gc.ca/en/news/article.page?doc=recruiting-and-retention-in-the-canadian-forces/hnpslv9e>

<sup>91</sup> Auditor General of Canada, *2006 May Status Report of the Auditor General of Canada* ..., 64.

<sup>92</sup> *Ibid.*, 64.

serving beyond 28 years of service. The first decrease in the overall attrition rate in FY 2009-10 to 7.6%, followed the next year in FY 2010-11 to 6.7% was:

attributed to a combination of factors: changing Regular Force demographics which have witnessed a relative decline in the numbers of long-service pension-eligible personnel, a period of economic and labour-market uncertainty since late 2008, and positive measure taken by the CF to stem voluntary attrition.<sup>93</sup>

The Auditor General concluded by stating that "although some steps have been taken to address concerns, attrition in early and later years is still expected to increase, and the Department needs to continue its work to better identify what actions it should take to ensure that attrition does not become problematic."<sup>94</sup>

"Due to its concern for the wellbeing of Canadians serving their country in uniform and the need for a robust defence capability given the current global security situation,"<sup>95</sup> the Standing Committee on Public Accounts reviewed the Auditor General's report. As did the Auditor General, the Standing Committee applauded the CAF for measures implemented to combat attrition, such as CRA 60 and the extended TOS, and recommended, among twelve points, that "the Department establish a target for the maximum acceptable rate of attrition...and begin to report its progress in its annual Departmental Performance Report beginning with the report ending 31 March 2007."<sup>96</sup>

In his response to the report by the Standing Committee, the then Minister of National Defence, The Honourable Gordon O'Connor, advised that "a long-term average attrition of 6-8% is needed to establish the balance between maintaining effective strength

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<sup>93</sup> Department of National Defence, "Backgrounder - Recruiting and Retention in the Canadian Forces."

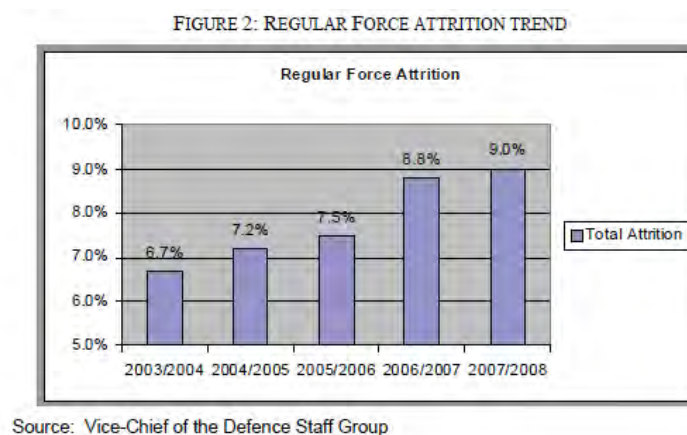
<sup>94</sup> Auditor General of Canada, *2006 May Status Report of the Auditor General of Canada...*, 69.

<sup>95</sup> House of Commons, Standing Committee on Public Accounts...

<sup>96</sup> *Ibid.*



of the Canadian Forces and ensuring force renewal."<sup>97</sup> He continued that "identifying an aggregate maximum acceptable attrition rate is not a productive undertaking, given the fact that the maximum acceptable attrition varies according to the context."<sup>98</sup> The Minister of National Defence did state that "the Government will include data regarding attrition rates in the Department of National Defence Annual Departmental Performance Report beginning with the report ending 31 March 2007."<sup>99</sup> Attrition rates from the Annual Department Performance Report ending 2008 is provided in Figure 9. In this report it was acknowledged that attrition was greater than predicted. The Annual Departmental Performance Reports from 2010 onwards no longer report the attrition rates. Instead, data on attrition is now provided in the Annual Report on Regular Force Attrition, which is a companion report to the Annual Report on Regular Force Personnel.



**Figure 9: Regular Force Attrition Trend<sup>100</sup>**

In 2010, as a result of "the high rate of operational tempo and the stresses faced by the men and women of the Canadian Forces in the past several years," the Standing

<sup>97</sup> House of Commons, Government Response to the Eleventh Report of the Standing Committee on Public Accounts, *Chapter 2, National Defence - Military Recruiting and Retention of the May 2006 Report of the Auditor General of Canada*, 16 April 2007.

<sup>98</sup> *Ibid.*

<sup>99</sup> *Ibid.*

<sup>100</sup> Department of National Defence, *Departmental Performance Report 2007-2008*.

Committee on National Defence revisited the subject of recruitment and retention to determine if they were still matters for concern.<sup>101</sup> In this testimony to the Committee, the Chief of Military Personnel, Major General Semianiw, advised that the voluntary attrition rate had declined to 5.1%. While it was acknowledged that the global "economic downturn may have dissuaded some from leaving the CF, [the] Committee believes it has at least as much, if not more, to do with the programs put in place by the CF."<sup>102</sup> The thrust of the most recent programs aimed at retention put in place by the CAF are outlined in the July 2009 *Military Personnel Retention Strategy*.

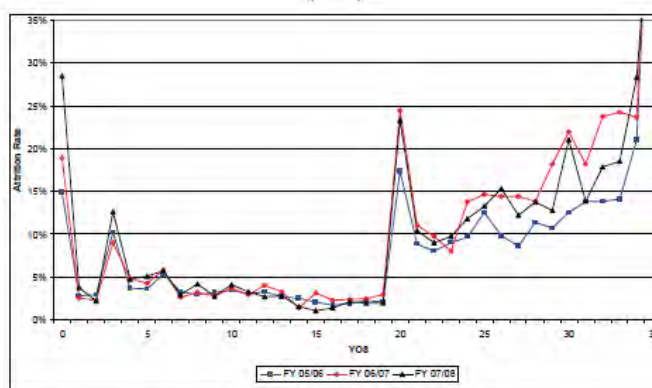
The *Military Personnel Retention Strategy*, which outlines the CF Retention Strategy, identifies four challenges to the CAF's personnel generation requirement: strong competition in the labour market, CAF YOS demographics, difficulty achieving work/life balance due to high tempo, and achieving growth through reduced attrition rather than recruiting. The last point speaks to the critical requirement to reduce attrition as recruiting and training establishments are at or nearing capacity. As of July 2009, the attrition rate within the CAF was 9%, which was categorized within the report as being in the "high-normal" range, while the voluntary attrition rate was approximately 6%. For the purposes of this discussion, the focus will be on voluntary attrition, as this may be combated by policies that make the CAF the employer of choice. The *Military Personnel Retention Strategy* identifies the two main voluntary exit points for personnel. The highest voluntary attrition point is "at or shortly after the 20 years of service point, mainly because members who complete an IE-20 can draw an immediate unreduced annuity on release, and the availability of good alternative employment opportunities has, for some,

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<sup>101</sup> House of Commons, Standing Committee on National Defence, *Recruitment and Retention in the Canadian Forces*, March 2010, 3:40.

<sup>102</sup> *Ibid.*

facilitated the decision to leave the CF."<sup>103</sup> The Strategy also notes that voluntary attrition "is also high during the first year of service, which makes the task of growing the CF much more difficult."<sup>104</sup> This discussion will focus on retaining experienced personnel as the approach the highest attrition point with the intent to encourage them to continue past IE 20 or IE 25. This is not to downplay the importance of retaining new recruits, however, their retention ties in closely with recruiting, particularly member/CAF fit and realistic expectations, which is not the topic of this paper. The impact of these two main exit points is illustrated in Figure 10, presented in the 2007-2008 Departmental Performance Report.



Source: Chief of Military Personnel Group

**Figure 10: Regular Force Attrition Rates by Years of Service (YOS)**

Not surprisingly, there is also a third significant exit point which receives little attention: that associated with personnel retiring with 35 YOS. Given that the average recruit is 20 years old and the CRA is now 60 years of age, there is the potential for personnel to serve in the military for 40 years. As there are few benefits currently associated with serving beyond 35 years, as at that point the maximum pension benefits have been earned, but these individuals have a great deal of experience and could serve as excellent mentors for

<sup>103</sup> Department of National Defence, *Military Personnel Retention Strategy*, 19 July 2009, 2.

<sup>104</sup> *Ibid.*, 2.

less experienced personnel, it may be worth determining if there are any incentives that can be provided to these members to remain in the military. With there having been a significant focus on retention within the CAF for some years, the authors of the *Military Personnel Retention Strategy* assert that "several years of research data have given us a fairly good understanding of the reasons why people leave and what issues affect their decisions to leave," noting that the Strategy is "targeted primarily at personnel in the first state of their career and those in the late-career stage."<sup>105</sup>

One such source of data is the 2008 *Review of Attrition and Retention Research for the Canadian Forces*. A comprehensive report, this document details the then current CAF retention activities, including tools used to gain member input and the results obtained from these tools. In terms of the tools available to the CAF and the data gathered from these tools, the report outlines the several specific resources. Developed in the late 1980s, the CF Attrition Information Questionnaire (CFAIQ) was "administered on a continuous basis to Regular Force members releasing voluntarily from the CF."<sup>106</sup> Over time it was revised, becoming the CFAIQ-R, and eventually being replaced by the CF Exit Survey. A useful source of attrition data, the CF Exit Survey "identifies reasons (push and pull factors) for which members voluntarily resign and the thought process they go through when deciding to leave the CF."<sup>107</sup> Unfortunately, as of 2008, "the Exit Survey is not administered to personnel who leave the CF after the end of their TOS, even though these releases may also be considered voluntary."<sup>108</sup> As these individuals represent a vast amount of experience and typically those the CAF would wish to retain,

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<sup>105</sup> *Ibid.*, 3.

<sup>106</sup> Nancy Otis and Michelle Straver, "Review of Attrition and Retention Research...", 4.

<sup>107</sup> *Ibid.*, 6.

<sup>108</sup> *Ibid.*, 6.

the CAF needs to administer Exit Surveys to all individuals voluntarily leaving the CAF. Another beneficial resource, the CF Retention Survey "was designed to measure the extent to which members intent to stay in the CF, or leave within the next three to five years"<sup>109</sup> and is typically administered to identify issues within particular military occupations. First administered in 2002, the CF Retention Survey "includes various questions that explore individual and organizational factors that could be a source of dissatisfaction among members."<sup>110</sup> In addition to the surveys, the Attrition Monitoring System (AMS) is used to provide

continuous monitoring of total and occupational attrition trends (voluntary and involuntary), and of several variables including rank, age, YOS, gender, release reason, and First Official Language (FOL)...[which] enables the A/RT [Directorate of Military Employment Policy's Attrition/Retention Team] to identify occupations with attrition problems, to investigate whether any measured variable helped to explain the cause of these high or unusual attrition levels and finally to develop interventions.<sup>111</sup>

The final tool detailed in this report is the CF Retention Model, which has been revised over the years, aims to "provide a full model of turnover intentions in the CF."<sup>112</sup>

Based on the CFAIQ-R and the CF Exit Survey, the 2008 *Review of Attrition and Retention Research for the Canadian Forces*, found that the main reasons military members were leaving the CAF were associated with family issues and dissatisfaction concerning postings. In terms of intent to leave the military, the CF Retention Survey "showed that the most consistent and influential factors in determining turnover intentions are CF fairness, CF future, and to a lesser extent, confidence in senior leadership and

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<sup>109</sup> *Ibid.*, 5.

<sup>110</sup> *Ibid.*, 5.

<sup>111</sup> *Ibid.*, 5.

<sup>112</sup> *Ibid.*, 5.

perceived organizational support."<sup>113</sup> It is interesting to note that the reasons sighted for possible release from the CAF, including fairness, future, leadership and organizational support, were not those given for actual release from the CAF. While possible reasons for release should be considered for further study, actual reasons for release must be taken into consideration for retention initiatives.

As a result of the above findings, the 2009 CF Retention Strategy de-emphasizes the use of monetary or other incentives to contain or reduce attrition and instead seeks to "emphasiz[e] consideration and respect for members and their families, fairness and recognition, [so that] the CF can remain the kind of organization that members want to belong to."<sup>114</sup> The Strategy is built on a foundation of leadership responsibility, strengthening individual/CF fit, valuing member aspirations and needs and supporting the family. The Strategy itself consists of a campaign plan with the Lines of Operations (LOOs): Personnel tempo, Career/Family Balance, Career/Occupation Management, Basic training, Recruiting & Selection and Leadership. Those lines of operation germane to retention of experienced personnel will be briefly summarized herein. LOO 1, Personnel Tempo, "is concerned with reducing pers tempo and/or mitigating its effects"<sup>115</sup> due to this being linked to higher attrition. LOO 2, Career/Family Balance seeks to achieve "a satisfactory balance between the competing demands of service and family obligations, which necessary family programs and services in place to mitigate the stresses of family life."<sup>116</sup> LOO3, Career/Employment Management, "is intended to result in well publicized developmental and posting opportunities, enhanced member influence

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<sup>113</sup> *Ibid.*, iii.

<sup>114</sup> Department of National Defence, *Military Personnel Retention Strategy*, 3.

<sup>115</sup> *Ibid.*, 6.

<sup>116</sup> *Ibid.*, 6.

and choice, and transparent career decisions,"<sup>117</sup> noting the constraints of service requirements and resource availability. Finally, LOO 6, Leadership, is focused on achieving "a satisfactory level of unit/team quality of life, characterized by demonstrable leader action to ensure the well-being and commitment of subordinates."<sup>118</sup> The campaign plan is provided in Figure 11 and will be discussed in greater detail in Chapter Six.

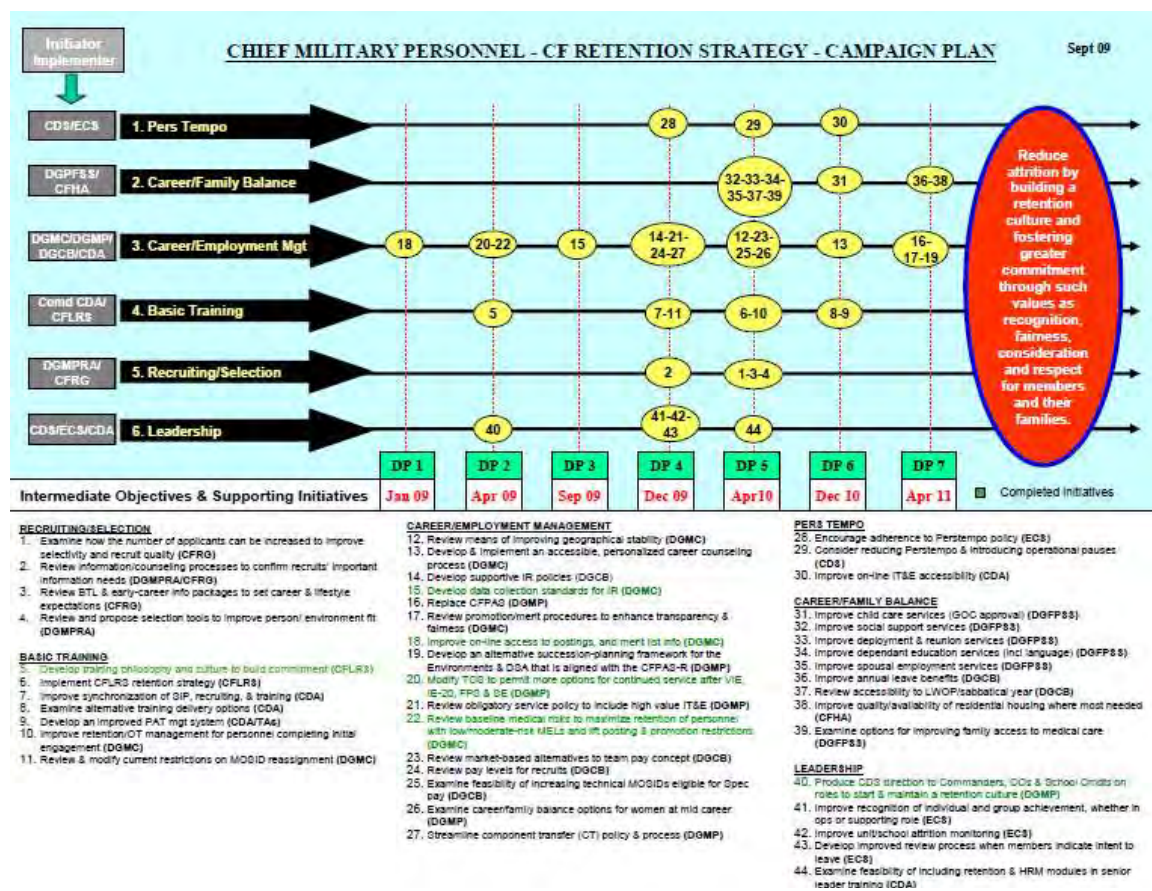


Figure 11: CF Retention Strategy Campaign Plan

Returning to the 2010 Standing Committee on National Defence's review of recruiting and retention, in his testimony to the Committee, Mr Karol Wenek, the then Director General Military Personnel, acknowledged that "the CF has a large cohort of young people, a large cohort of long-service people and a very small one of mid-career

<sup>117</sup> *Ibid.*, 7.

<sup>118</sup> *Ibid.*, 8.

members. It is from the latter that future leadership will be drawn. It is therefore imperative that attrition here be kept as low as possible."<sup>119</sup> This speaks directly to the members of Group 2 (10-19 YOS) outlined in Chapter Two. As outlined in the discussion on demographics within the CF, the Group 2 (10-19 YOS) members are the future leaders of the CAF, yet they are the smallest number of personnel. Another insightful observation by Mr Wenek was "the fact that in today's reality dual income families are the norm and not the exception. Given that military families must often move it becomes difficult for spouses to find or hold employment."<sup>120</sup> Recognizing that the future leaders within Group 2 are "crucial for the long-term well-being of the CF" but are typically at a point in life where "they often have children in school and a spouse wanting to pursue a career, " the Standing Committee reported that "in response, the CF is trying to develop regional career profiles which would allow people to remain most of their careers in the same region."<sup>121</sup> Acknowledging that retaining personnel in the military is a challenge, the Standing Committee on National Defence stressed that "it is therefore important that the CF continue in its efforts to put effective and innovative practices in place."<sup>122</sup>

As stated above, attrition and retention have long been and are predicted to continue to be topics of intense scrutiny. Since the release of the July 2009 *Military Personnel Retention Strategy*, the CAF has continued to monitor attrition and members' reasons for leaving the CAF. In 2010, the CF Retention Survey was administered to 47 occupations and "a total of 6,503 respondents completed the survey."<sup>123</sup> Of the more than

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<sup>119</sup> House of Commons, Standing Committee on National Defence.

<sup>120</sup> *Ibid.*

<sup>121</sup> *Ibid.*

<sup>122</sup> *Ibid.*

<sup>123</sup> Karen Koundakjian and Irina Goldenberg, "The 2010 Canadian Forces Retention Survey: Descriptive Results," DGMPPRA TM 2012-014, September 2012, iii.



25,000 who were sent the survey, this represents "a relatively low response rate of 25.7%."<sup>124</sup> Of those who completed the survey:

it is estimated that 78.1% of CF personnel in the occupations surveyed do not intend to leave the CF in one year, 63.5% do not intend to leave the CF in three years, and 49.2% do not intend to leave the CF in five years. Of those who indicated intentions to leave the CF within five years or less, approximately 31.2% will be eligible for pension benefits, 27.7% intend to leave for reasons both internal and external to the CF, 19.4% intend to leave for reasons internal to the CF, 14.9% intend to leave because they have no choice (e.g., medical release), and 6.8% intend to leave for reasons external to the CF.<sup>125</sup>

Specifically in terms of the reasons internal to the CAF and external to the CAF:

the most commonly cited internal reason for leaving was job dissatisfaction (27.8%), followed by "other" reasons (20.4%), postings (17.7%), and career progression (12.3%) [while] the most commonly cited external reason for leaving was family issues (other than health) (29.8%), followed by a desire for a better job (22.6%), and "other" reasons (18.7%).<sup>126</sup>

Though the results of the survey indicated that CAF members feel loyal to the CAF and expressed job satisfaction with most aspects of work, the survey did highlight some areas where there is potential for improvement. The themes presented were consistent with previous comments concerning fairness, recognition, career management and family considerations. Additionally, work–life balance was not only highlighted "as an area in which there was room for improved satisfaction among CF personnel, but this issue was also found to have one of the higher relations with retention intentions, and to be positively related to affective commitment."<sup>127</sup>

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<sup>124</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011* (Ottawa: DND Canada. July 2012), 6.

<sup>125</sup> Karen Koundakjian and Irina Goldenberg, "The 2010 Canadian Forces Retention Survey...", iii.

<sup>126</sup> *Ibid.*, 111.

<sup>127</sup> *Ibid.*, 115.

In terms of members' career intentions, the CF Retention Survey presented some interesting results. While "the vast majority of CF personnel (73.0%) in the occupations surveyed intend to stay in the CF until completion of their terms of service (TOS) (i.e., indicated probably yes or definitely yes to this question),"<sup>128</sup> the survey results indicate that "approximately 36.6% do not intend to stay in the CF until retirement (i.e., indicated definitely not or probably not to this question)."<sup>129</sup> If the CAF is to retain experienced personnel to ensure that the mission is accomplished within the vision of Defence Renewal, it is imperative that the CAF implement policies that encourage members to stay in the CAF upon completion of their current contract.

In addition to responding to the questionnaire portion of the 2010 CF Retention Survey, a "total of 5,284 respondents commented on two questions related to reasons for staying in the CF, as well as suggestions to increase retention."<sup>130</sup> The two questions were: "(1) If you have no current intentions to leave the CF, what factors are contributing to your decision to stay? and (2) If you are considering leaving the CF within the next five years, what changes could the CF make to persuade you to stay?"<sup>131</sup>

In terms of remaining in the CAF, the survey found that job and career satisfaction were the most common reason members were not leaving the CAF. Satisfaction with pay and benefits was the second most common reason that members cited for remaining in the CAF. The CF Retention Survey results were sorted by YOS of the respondent and the responses to the first question are provided in Figure 12.

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<sup>128</sup> *Ibid.*, 31.

<sup>129</sup> *Ibid.*, 32.

<sup>130</sup> Karen Koundakjian and Irina Goldenberg, "Factors Influencing Stay and Leave Intentions: Qualitative findings from the 2010 Canadian Forces Retention Survey," DGMPPRA TM 2013-007, July 2013, i.

<sup>131</sup> *Ibid.*, iii.

	0 – 4 YOS	5 – 14 YOS	15 – 24 YOS	25 + YOS
First Theme	Pay & Benefits	Pay & Benefits	Job & Career Satisfaction	Job & Career Satisfaction
Second Theme	Job Stability & Security	Job & Career Satisfaction	Pay & Benefits	Pension
Third Theme	Job & Career Satisfaction	Job Stability & Security	Pension	Pay & Benefits

**Figure 12: Top Three Reasons for Remaining in the CAF by YOS<sup>132</sup>**

The YOS groupings from the survey results are not the same as those presented in Chapter Two and, unfortunately, the author was not able to obtain raw data for additional manipulation. Regardless, it is interesting to note that while pay and benefits are cited as the most common reason for remaining in the CAF for younger members, job and career satisfaction becomes more important as the members age.

When responding to the second question concerning intent to leave the CAF, the most common recommendation for a change to increase likelihood of retention was improved pay and benefits. The survey results found that "pay seems to be an important factor in retention—specifically, levels of pay, specialty pay, pay incentives, as well as recognition of members' professional standings were issues discussed in this theme."<sup>133</sup> The second most common recommendation related to family considerations, with the results indicating that "there is a need for better support for families; that there is little consideration given to dual-couple military families or to the negative career implications for military spouses."<sup>134</sup> The responses to the second question by YOS are provided in Figure 13.

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<sup>132</sup> *Ibid.*, 5.

<sup>133</sup> *Ibid.*, iii.

<sup>134</sup> *Ibid.*, iii.

	0 – 4 YOS	5 – 14 YOS	15 – 24 YOS	25+ YOS
First Theme	Family Considerations	Family Considerations	Pay & Benefits	Choice of Postings
Second Theme	Choice of Postings	Pay & Benefits	Family Considerations	Geographic Stability
Third Theme	Pay & Benefits	Choice of Postings	Choice of Postings	Pay & Benefits

**Figure 13: Top Three Suggestions to Improve Retention by YOS<sup>135</sup>**

For the purposes of this discussion, family considerations includes "the effect of members' postings on their ability to maintain family, their spouse/partners' employment, their children's education and the opportunity to settle down in a certain area, the feeling that the community in which they live is home"<sup>136</sup> and thus encompasses choice of postings and geographic stability. In summarizing the findings of the 2010 CF Retention Survey, it was noted:

that pay and benefits was not only the most frequently cited reason for staying in the CF, but also the second most common area suggested to improve retention. In fact, pay and benefits was the only theme coded as one of the top five themes for both questions—i.e., it is an important factor for those who are considering leaving the CF, as well as for those who are planning to stay.<sup>137</sup>

With this in mind, the *Annual Report on Regular Force Attrition 2010/2011*, the third annual and most recent of such publications, provides "departmental managers, career managers, personnel/human resource (HR) administrators and analysts, with information on attrition observed within the CF Regular Force, and to summarize the results of recent attrition and retention research."<sup>138</sup> For FY 2010/11, the total attrition rate in the CAF was 6.7%, slightly lower than the twenty year historical average of 7.2%.<sup>139</sup> As per Figure 14, the annual attrition rate is forecasted to continue decreasing. It

<sup>135</sup> *Ibid.*, 7.

<sup>136</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 61.

<sup>137</sup> Karen Koundakjian and Irina Goldenberg, "Factors Influencing Stay and Leave Intentions...", 38.

<sup>138</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 1.

<sup>139</sup> *Ibid.*, 6.

is in the report noted, however, that this decrease is due, in part, to the reduced recruiting during the FRP years, which is resulting in fewer individuals coming to the end of a 20 year TOS contract.

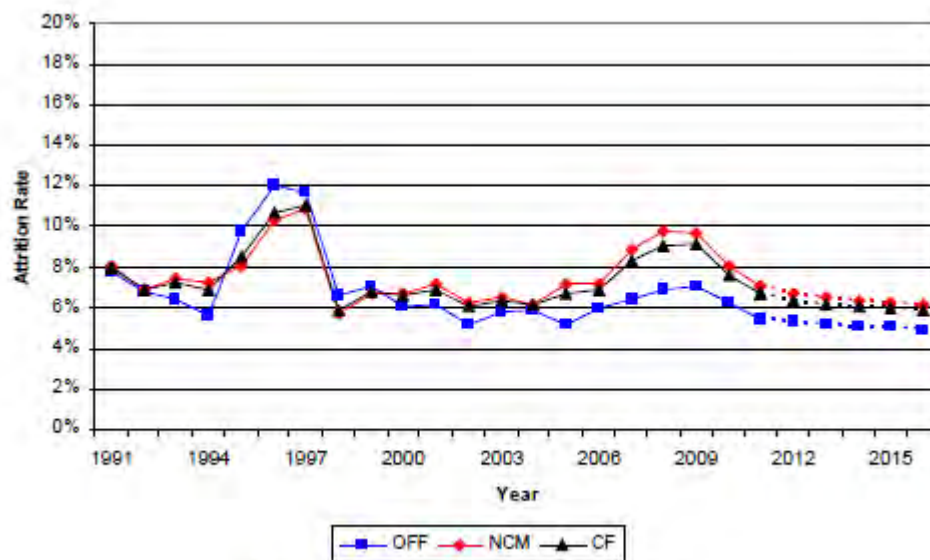
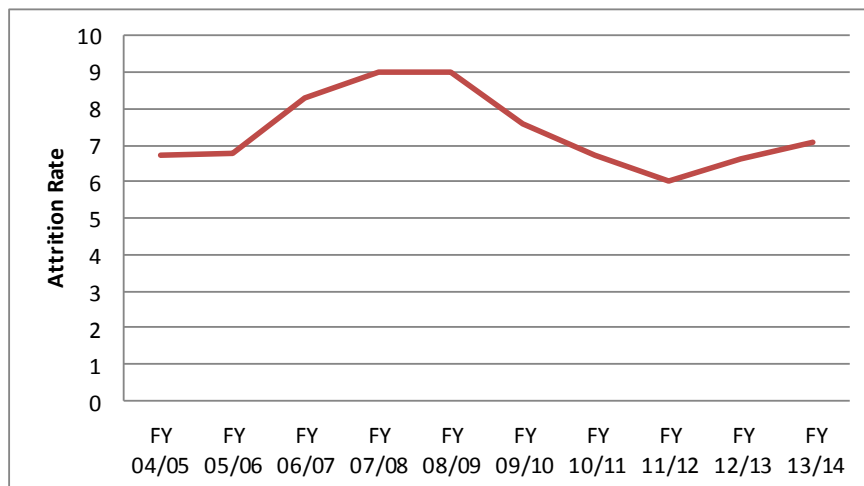


Figure 14: Historical and Forecasted CAF Attrition Rates<sup>140</sup>

Though the above figure from the *Annual Report on Regular Force Attrition 2010/2011* forecasted that the annual attrition rate would continue to decline, as yet unpublished attrition data from the Canadian Forces Recruiting Group indicate that the actual attrition rate has increased over the last several years. This data is provided in Figure 15.

<sup>140</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 8.



**Figure 15: Regular Force Attrition Rates 2004-2014<sup>141</sup>**

Of concern related to the increase in attrition rate over the last few years is a corresponding decrease in recruiting, resulting in a net loss of personnel within the CAF annually for the last three fiscal years.

Included in the *Annual Report on Regular Force Attrition 2010/2011* is the most recent results from the CF Exit Survey. As with the CF Retention Survey, however, the findings from the CF Exit Survey, while they do provide insight in to why individuals actually left the military, suffers from a "low response rate...[that] impairs the representativeness of the sample and the generalization of the results to the overall voluntarily releasing Regular Force population. The response rate was 12.3% between June 2008 and February 2011."<sup>142</sup> Of the 1,122 responses received, "data were weighted according to rank and YOS to enhance the representativeness of the sample, and hence, to improve generalizations about the voluntarily releasing population."<sup>143</sup> Releasing members reported the highest level of satisfaction with "pay and benefits, quality of career/occupational training, supervisor aspects, as well as the quality administrative

<sup>141</sup> Major K. Stachura, email with author, 23 June 2014, with permission.

<sup>142</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 6.

<sup>143</sup> *Ibid.*, 60.

personnel services."<sup>144</sup> Conversely, "the career management system of the CF and the fairness of the administration of corrective action for poor performance, as well as family and posting-related aspects of military service were the highest sources of dissatisfaction." Following along with the theme of family considerations, departing members stated that the most influential aspects in their decision to leave the CAF were:

the effect of members' postings on their ability to maintain family, their spouse/partners' employment, their children's education and the opportunity to settle down in a certain area, the feeling that the community in which they live is home, the time available to spend with family and to maintain personal relationship, the career management system, and how challenging their work was were the most influential aspects in the decision of respondents to leave.<sup>145</sup>

The *Annual Report on Regular Force Attrition 2010/2011* concluded that "the likelihood of members leaving the CF would be reduced by improving perceptions in the areas of career management, the effects of postings on family, work-life balance and the nature of work conducted."<sup>146</sup>

Additional details concerning the most recent findings of the CF Exit Survey are contained in the Director General Military Personnel Research and Analysis technical memorandum *The Canadian Forces Exit Survey: Descriptive Analyses of 2008 to 2011 Data*. Further to the CF Exit Survey findings on the highest sources of dissatisfaction of departing members provided *Annual Report on Regular Force Attrition 2010/2011*, *The Canadian Forces Exit Survey: Descriptive Analyses of 2008 to 2011 Data* also provides the corresponding data on specific statements and their influence on members' decisions to leave. While many of the statements presented in the CF Exit Survey resulted in at least 20% of respondents acknowledging either dissatisfaction or an influence in leave

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<sup>144</sup> *Ibid.*, 60.

<sup>145</sup> *Ibid.*, 61.

<sup>146</sup> *Ibid.*, 67.

decision, few statements were acknowledged in either category by more than 30% of respondents. Those that did are listed in Table 2 and are sorted from highest to lowest based on influence in decision to leave. While statements or factors that are causing dissatisfaction amongst leaving members provide valuable insight, it is the actual reasons they are leaving that must be fully understood and countered by the CAF to remain the employer of choice for experienced members.

Statement	Influence in Decision to Leave (%)	Dissatisfaction (%)
Time available to spend with my family	39.0	35.5
The feeling of accomplishing meaningful work	35.6	32.3
Time available to maintain personal relationships	34.5	31.8
The effects my postings have had on my ability to maintain family stability	33.1	27.5
The career management system	31.4	31.7
The effects my postings have had on the opportunity to settle down in a certain area	30.9	26.2
I trust career managers to strike a fair balance between service requirements and my personal circumstances	28.0	32.5
The recognition I receive from my work	27.2	31.1
CF fairness in administrating corrective actions for poor performance	15.8	31.4

**Table 2: CF Exit Survey - Dissatisfaction and Influence in Leave Decision<sup>147</sup>**

While *CF fairness in administering corrective actions for poor performance* was a strong dissatisfier amongst those leaving the CAF, it is not a significant factor effecting attrition as only 15.8% of departing members cited this as having an influence on their decision to leave the CAF. Specifically in terms of the statement *I trust career managers to strike a fair balance between service requirements and my personal circumstances*, but also in

<sup>147</sup> Kathy Michaud and Irina Goldenberg, "The Canadian Forces Exit Survey: Descriptive Analyses of 2008 to 2011 Data," DGMPPRA TM 2012-026, December 2012.



regard to any other statements concerning the career management system, this author suggests that dissatisfaction with the career management system is directly linked to whether or not the surveyed member received the ideal posting, and posting duration, for their unique family reasons. As a result, the above concerns with the career management system are considered as within the broader issue of Family Considerations. Thus, the most recent findings from the CF Exit Survey indicate that the main factors resulting in members leaving the CAF are Family Considerations, Work Life Balance and Work Itself.

Despite the fact that the CF Exit Survey does provide information on why members are actually releasing, the value of this information is diminished by the low rate of return and by the fact that it is only administered to those who release under item 4 - Voluntary Release. Though this is "the most common reason for release from the CF...[and] includes *Immediate Annuity (4A)*, *Fixed Service (4B)* and *Other Causes (4C)*,"<sup>148</sup> it does not include release item 5 - Service Complete, which includes Completed Service for Which Required (5C). This omission is important as for Officers "over 14% of 20 YOS releases over the past 20 years were under this release reason"<sup>149</sup> In FY 10/11, 55% of Officers released under item 4 - Voluntary Release while 33% released under item 5 - Service Complete.<sup>150</sup> In an effort to have a better understanding of why personnel are releasing, the CF Exit Survey should be administered to individuals releasing at the end of their contract, regardless of the release item being used.

Most recently, in 2012, the CF Retention Survey was administered for the 6th time. Compared to the 2010 CF Retention Survey return rate of 25.7%, the 2012 CF

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<sup>148</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 21.

<sup>149</sup> *Ibid.*, 14.

<sup>150</sup> *Ibid.*, 21.

Retention Survey return rate was slightly healthier at 33.8%.<sup>151</sup> Of those who completed the survey:

it is estimated that 82% of CF personnel do not intend to leave the CF in one year (i.e., indicated **definitely not** or **probably not** to this question), 68% do not intend to leave the CF in three years, and 50% do not intend to leave the CF in five years. Conversely, 8%, 16%, and 26% indicated that they will probably or definitely leave the CF in one, three and five years, respectively.<sup>152</sup>

As with previous CF Retention surveys, members were asked a myriad of close-ended questions and two open-ended questions. The first of the latter asked respondents with no current intentions to release to identify the factors influencing their decision to stay. The top seven responses are presented in Figure 16.

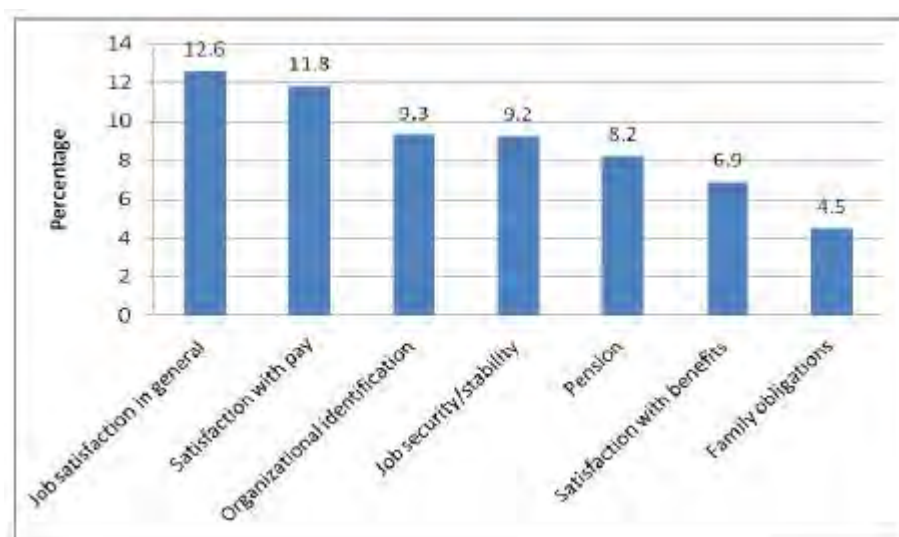


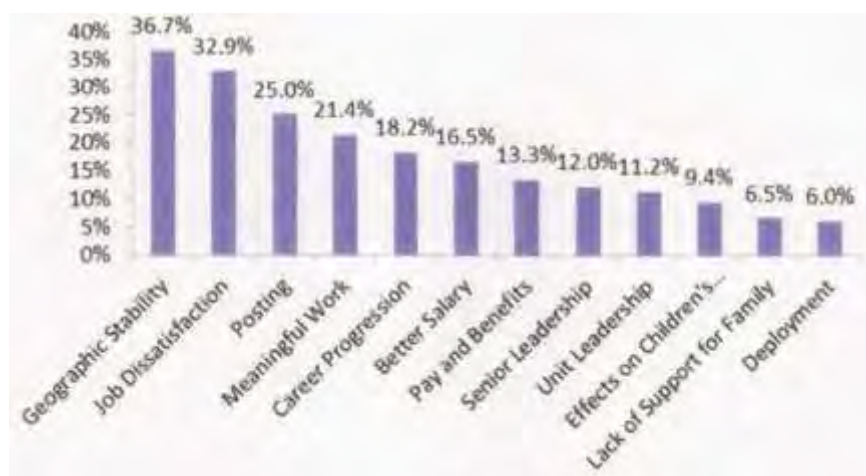
Figure 16: Top Seven Factors Contributing to Decision to Stay with CF<sup>153</sup>

<sup>151</sup> Irina Goldenberg, *Letter Report: Preliminary Descriptive Results for Pay and Benefits - 2012 CF Retention Survey* (Director General Military Personnel Research and Analysis: file 1150-1 (DGMPPRA), 28 November 2012), 2.

<sup>152</sup> Natasha Parfyonov, and Andrea Butler, "The 2012 CF Retention Survey: Descriptive Results," DGMPPRA CR 2013-008, June 2013, iii.

<sup>153</sup> Glen Budgell and Andrea Butler, "Qualitative Analysis of the 2012 CF Retention Survey: Factors that Influence Stay Decisions," DGMPPRA CR 2013-006, June 2013, 5.

Of those who indicated that they would definitely leave the CAF within the next 5 years were asked to provide the three most important reasons they would leave. The main reasons given for leaving the CAF within the next five years are illustrated in Figure 17.

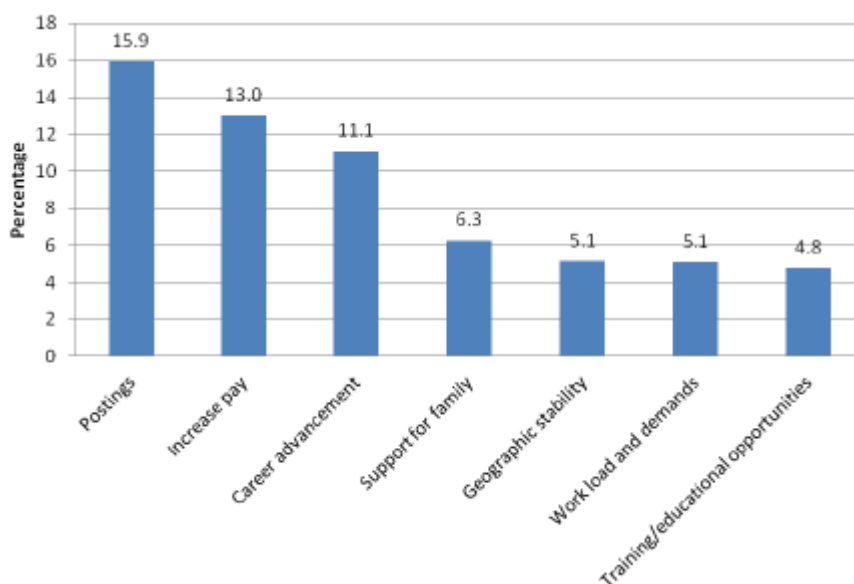


**Figure 17: Main Reasons for Leaving the CF<sup>154</sup>**

The top five reasons contributing to an intent to leave according to the 2012 CF Retention Survey relate to Family Considerations and Work Itself. Once again, the 2012 CF Retention Survey results stress the critical link between job satisfaction and retention. While job satisfaction is the number one reasons members cite for staying in the CAF, it is the second highest influence on intent to leave. Tackling the issue of Nature of Work will be of utmost importance to the CAF.

For those members above who expressed an intent to leave the CAF, they were asked to indicate what changes the CAF could implement to persuade them to stay. The top seven responses are provided in Figure 18.

<sup>154</sup> Irina Goldenberg, *Letter Report: Preliminary Descriptive Results for Pay and Benefits...*, 5.



**Figure 18: Top Seven Changes the CF Could Make to Persuade Personnel to Stay**

The areas where changes could be made presented in Figure 18 correlate to Family Considerations (postings, support for family and geographic stability), Pay and Benefits, Nature of Work (workload and demands) and Work Life Balance (support for family and workload and demands). While Work Life Balance was not given as a specific response by members, the description for the category of support for family includes "more time with family"<sup>155</sup> while the description for the category of work load and demands includes "work-life balance."<sup>156</sup> Additionally, the descriptive results found that "many CF personnel were dissatisfied with their work-life balance, particularly the degree to which their work impacts on family or spouse's or partner's employment."<sup>157</sup>

In summarizing the findings from the 2012 CF Retention Survey, it was concluded that "CF personnel are satisfied with most of the work and organizational variables assessed [and] the majority of CF personnel do not intend to leave voluntarily in

<sup>155</sup> Glen Budgell and Andrea Butler, "Qualitative Analysis of the 2012 CF Retention Survey...", 25.

<sup>156</sup> *Ibid.*, 25.

<sup>157</sup> Natasha Parfyonov, and Andrea Butler, "The 2012 CF Retention Survey...", iv.

the next three years."<sup>158</sup> For those members who did express an intent to release, however, family considerations and nature of work were the main factors influencing this decision while changes associated with those two areas as well as work life balance, and to a lesser extent pay and benefits, were cited as having the ability to persuade the member to remain in the CAF.

Based on the 2010 CF Retention Survey, more than one third of personnel expressed the intent to remain in the CAF until retirement. Though no tool is without flaws and the participation rates are low, both the CF Retention Survey and the CF Exit Survey provide an understanding of why experienced personnel are leaving. Work Life Balance, Family Considerations and Work Itself, and to a lesser extent Pay and Benefits, are the main reasons being cited by the very people the CAF wants to retain as why they either are, or intend to, leave the CAF. The loss of these experienced personnel and the burden of eventually filling the gaps they leave behind with new recruits is not insignificant and will have an impact on the CAF's ability to operate in the "lean and efficient" manner demanded by Defence Renewal. In the coming chapters, the review of motivation theory in conjunction with contemporary retention strategies may offer insight into effective and innovative practices that can be identified for further CAF consideration to motivate and retain experienced personnel.

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<sup>158</sup> *Ibid.*, 142.

## CHAPTER FOUR - GENERATIONAL CONSIDERATIONS WITHIN THE CANADIAN ARMED FORCES

*People resemble their times more than they resemble their parents.*  
- Ancient saying<sup>159</sup>

In Chapter Two, Regular Force personnel were roughly assembled into three distinct groups based upon YOS, age and generation. At that time, generations were discussed purely based upon age when separating members into the three groups. Given the discussion in Chapter Three concerning current exit point trends, a deeper understanding of the people the CAF needs to target for retention is critical. In this chapter, the unique characteristics of each generation will be discussed as these features may influence how each can be targeted for retention.

Broadly speaking, a generation is "a group of individuals who are about the same age and have experienced, most often as children or young adults, specific historical events, such as an economic crisis, an economic boom, a war, or significant political changes."<sup>160</sup> It is important to study and acknowledge the impact of these events on the group of individuals as they may influence their views of the world and, in relation to this discussion, what factors will motivate them to stay in the CAF when they have the option to leave at specific points in their careers, particularly upon completion of IE20/25 and are eligible for an immediate annuity. While there are different age ranges and names given to the many generations, in this discussion the generational boundaries and terms presented by McCrindle research will be used. Though McCrindle research is largely based upon the Australian experience, the research is applicable to the Canadian population and information from Statistics Canada will be used when available to support

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<sup>159</sup> McCrindle Research, "New Generations at Work," 13.

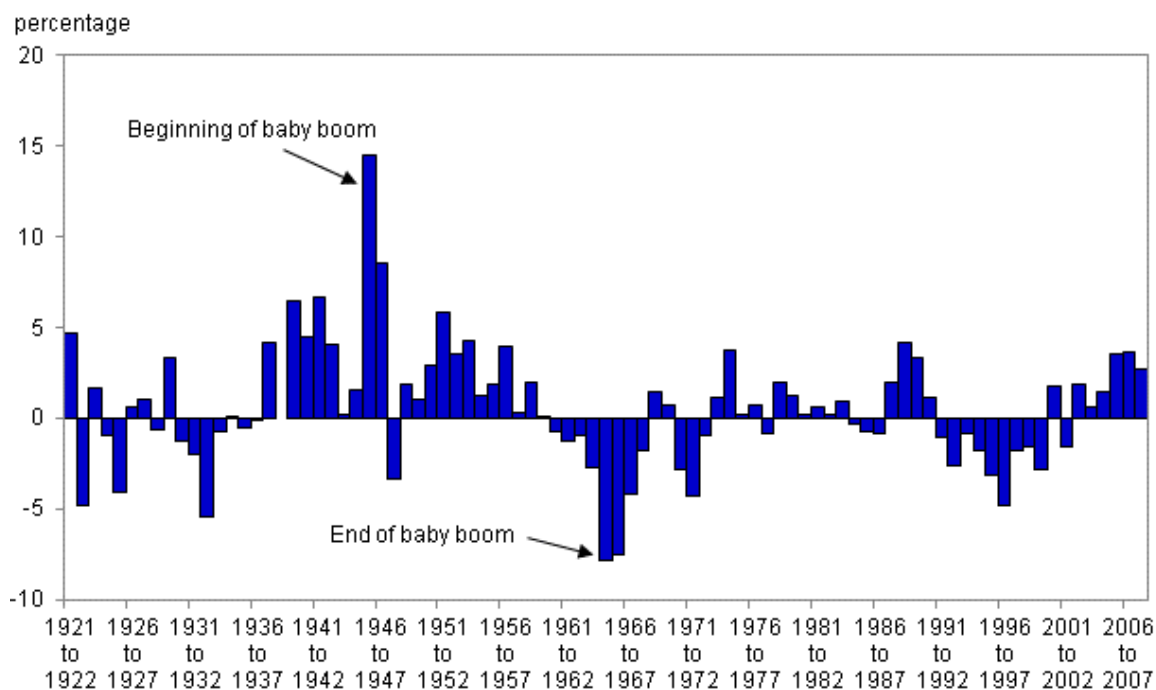
<sup>160</sup> Statistics Canada, "Generations in Canada."

this position. The Canadian population as a whole is comprised of numerous generations, however, with a mandatory retirement of 60 years old and an approximate recruitment age of 20 years old, the population of the CAF currently spans three generations: Generation Y, Generation X and Baby Boomers. It is interesting to note that while the traditional definition of a generation is "the average interval of time between the birth of parents and the birth of their offspring,"<sup>161</sup> typically spanning 20 to 25 years, the grouping of populations moving forward will be impacted by the tendency for people to have children in to their thirties and the massive impact of ever-changing technologies on people. While the three identified generations will be discussed in this paper, it will be crucial for human resource specialists to continue to assess new generations and how their characteristics might impact retention. Reviewing CAF policies and strategies to optimize retention must be an ongoing activity.

According to McCrindle Research, Baby Boomers are those born between 1946 and 1964. These individuals were born in the years following the end of World War II when there was, as the generational title suggests, a boom in the birthrate globally. Within Canada, Figure 19 illustrates the post war baby boom and the ensuing decrease in the birth rate in the mid-1960s.

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<sup>161</sup> McCrindle Research, "Seriously Cool: Marketing, Communicating and Engaging with the Diverse Generations," last accessed 14 February 2014, 6.  
<http://www.mccrindle.com.au/resources/whitepapers/Marketing-Communicating-with-Diverse-Generations.pdf>



**Figure 19: Percentage growth in the annual number of births, Canada, 1921 to 2008<sup>162</sup>**

The life of a Baby Boomer, according to McCrindle, can be summarized as "born during a high, spend young adult years in an awakening, midlife during an unravelling and old age in a crisis,"<sup>163</sup> where the high is the post war boom, the awakening is the civil rights movement, the unravelling is the economic recession of the early 1990s and the crisis refers to the fact that the retirement savings of many have been impacted by the market fluctuations. With the exception of those few who have been recruited later in life, the majority of Baby Boomers are within Group 1 (greater than 20 YOS). With the youngest Baby Boomer born in 1964, they would have been approximately 47 years old as of 2011. Given that the compulsory retirement age is now 60, many of these individuals have the potential to serve many more years. The retention challenge,

<sup>162</sup> Statistics Canada, "Generations in Canada."

<sup>163</sup> McCrindle, Mark, "Generations Defined," in *The ABC of XYZ*, last accessed 24 February 2014, [http://mccrindle.com.au/resources/whitepapers/McCrindle-Research\\_ABC-01\\_Generations-Defined\\_Mark-McCrindle.pdf](http://mccrindle.com.au/resources/whitepapers/McCrindle-Research_ABC-01_Generations-Defined_Mark-McCrindle.pdf)



however, will be enticing them to do so after 35 YOS when there are few financial benefits to continued service. The CAF still does have time, however, if swift action is taken, to retain these individuals. It is important to note, and will likely impact the discussion on innovative retention strategies, that "Boomers are the first generation to actively declare a higher priority for work life over personal life."<sup>164</sup> As discussed in Chapter Two, members of Group 1 are the senior leaders within the CAF and thus, in many cases, the policy makers. It will be important for these individuals to acknowledge the potential for different motivational factors for retention between themselves and the younger generations and direct policy changes towards retaining the targeted groups, not necessarily themselves.

According to McCrindle Research, members of Generation X were born between 1965 and 1979. Within Statistics Canada's definitions of generations as of 2011, McCrindle's definition of Generation X includes people described as "Baby Busters" and some "Children of Baby Boomers." The Baby Buster generation is noticeably smaller than the Baby Boomer generation with only 8% of the Canadian population, as of 2011, having been born in the first half of the Generation X span (1966 to 1971). In 2011, Generation X individuals would have been 32 to 46 years of age. As discussed in Chapter Two, members of Generation X make up the majority of Group 2 (10 to 19 YOS) and some of Group 1 (greater than 20 YOS).

The historical events or experiences that have influenced Generation X during their formative years are "the Personal Computer, AIDS, single parent families, the

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<sup>164</sup> American Management Association, "Leading the Four Generations at Work," last accessed 13 January 2014. <http://www.amanet.org/training/articles/printversion/Leading-the-Four-Generations-at-Work.aspx>

growth in multiculturalism, and the downsizing of companies."<sup>165</sup> McCrindle observes that "Generation X is the perfect bridge generation. They understand and usually adopt the work ethic and focus of the Boomers...Yet they are closer in age to the Gen Y's and so can connect somewhat with their culture, views and even values."<sup>166</sup> Of note concerning Generation X, Statistics Canada observes that "many members of this generation, especially men, experienced difficulty entering the labour market in the 1980s and 1990s. This was due to economic recessions and to the fact that they were following the large baby boom generation."<sup>167</sup> As a result of these factors, "entering the workforce was a competitive experience for X-ers [and has made them] aggressive."<sup>168</sup> This holds true for Generation X members of the CAF in Group 2. They were recruited in the 1990s during the period of reduced recruitment, when the process was particularly competitive. Additionally, "this was the first demographic group that was largely parented "in absentia," which gave them an increased sense of independence and self-direction."<sup>169</sup> Having witnessed "the layoff and burnout of their stressed and over-worked parents...[Generation X] generally faced the workplace with different approach, work ethic, culture and attitudes than previous generations."<sup>170</sup> It thus follows that members of Generation X "naturally question authority figures and are responsible for creating the work/life balance concept."<sup>171</sup> Generation X-ers "seek recognition and are drawn to

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<sup>165</sup> McCrindle Research, "New Generations at Work," 13.

<sup>166</sup> *Ibid.*, 6.

<sup>167</sup> Statistics Canada, "Generations in Canada."

<sup>168</sup> Catriona Lander, "Generations X & Y," *Canadian Consulting Engineer* 47, issue 6 (Oct/Nov2006): 79, <http://eds.a.ebscohost.com/ehost/detail?vid=6&sid=57ff13cf-628e-4f84-9b84-20e37e78509a%40sessionmgr4003&hid=4110&bdata=JnNpdGU9ZWwhvc3QtbGl2ZQ%3d%3d#db=bth&AN=23153540>

<sup>169</sup> *Ibid.*, 79.

<sup>170</sup> John Anderson, "Motivating, Managing, Retaining Generation X and Gen Y Employees," last accessed 27 February 2014, <http://janderson99.hubpages.com/hub/Motivating-Managing-Retaining-Generation-X-and-Generation-Y-Employees>

<sup>171</sup> American Management Association, "Leading the Four Generations at Work."

opportunities to learn and enjoy their work,"<sup>172</sup> "possess strong technical skills,"<sup>173</sup> and "work to live lives full of the best and the biggest."<sup>174</sup> A consequence of this desire to create an acceptable work/life balance is that:

Gen X tends to reject formality, rules and protocol if they hamper their ability to get the job done quickly. Bureaucracy and adherence to what they view as unnecessary rules and regulations will send them looking for new employment...They thrive on change and have little patience for the status quo or tradition. If there is a faster, easier way of doing things, they want to use it.<sup>175</sup>

Of particular concern in relation to the discussion of retention for the CAF, "unlike the Baby Boomers, many [Generation X individuals] appear to be less interested in status symbols, long-term careers and corporate loyalty."<sup>176</sup> To encourage corporate loyalty and retention of Generation Xers, *The Business Journals* provides the following recommendations:

Deferred rewards, such as stock options and the promise of future promotions, are less attractive than cash, salary increases and immediate promotion. Now is always more motivating than later.

Respect their need for careers that contribute to both independence and work-life balance by offering them flexibility and freedom as key rewards. Gen X wants time for family and non-work interests.

Provide state-of-the-art resources, technology, and training to keep them interested and motivated to remain with the company. Avoid reliance on rules and regulations since these are demotivating.<sup>177</sup>

As discussed above, Generation X is smaller than the Baby Boomer generation.

Due to their small number and strong technical skills, members of this generation are a

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<sup>172</sup> Catriona Lander, "Generations X & Y," 80.

<sup>173</sup> American Management Association, "Leading the Four Generations at Work."

<sup>174</sup> Catriona Lander, "Generations X & Y," 80.

<sup>175</sup> Karen Sladick, "How to successfully motivate your company's Gen. X workers," *The Business Journals*, Last modified 29 August 2013. <http://www.bizjournals.com/bizjournals/how-to/human-resources/2013/07/how-to-successfully-motivate-your.html?page=all>

<sup>176</sup> Anderson, John. "Motivating, Managing, Retaining Generation X and Gen Y Employees."

<sup>177</sup> Karen Sladick, "How to successfully motivate your company's Gen. X workers."

group that the CAF should aggressively target for retention. This generation makes up the majority of Group 2 (10 to 19 YOS) and some of Group 1 (greater than 20 YOS). As these groups were established based upon 2011 data, those remaining in uniform as of 2014 are three years older. As the majority of these people have a higher YOS and thus may already be thinking of leaving the CAF at a traditional exit point, the CAF would need to implement timely short term measures to encourage their retention. The alignment of the CAF's needs in light of Defence Renewal and the implementation of measures to appeal to the rewards, work life balance and state-of-the-art resources needs of Generation X-ers to encourage retention will be discussed in subsequently. At the end of the day, "X-ers will commit to you if they feel you have committed to them."<sup>178</sup>

According to McCrindle Research, those born from 1980 to 1994 are a part of Generation Y (sometimes also referred to as Millennials).<sup>179</sup> Generally speaking, members of Generation Y "have been labelled the 'Echo Boom' as they are children of the Baby Boomers and so their numbers reflect the movement of Boomers into their fertility years."<sup>180</sup> This reality is reflected in Statistics Canada information. As of 2011, Baby Boomers comprised 28.6% of the population while Children of Baby Boomers represented 27.3% of the population.<sup>181</sup> Both generations are larger than Generation X. In 2011, Generation Y individuals would have been 17 to 31 years of age. As discussed in Chapter Two, members of Generation Y make up the majority of Group 3 (0 to 9 YOS) with a small number of older members being part of Group 2. The number of Generation Y in Group 2, the older members of this generation, would be particularly small and they

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<sup>178</sup> Catriona Lander, "Generations X & Y," 79.

<sup>179</sup> McCrindle Research, "Generations Defined."

<sup>180</sup> McCrindle Research, "Seriously Cool...," 8.

<sup>181</sup> Statistics Canada, "Generations in Canada."

would have been at the end of the 1990s during the post FRP recruitment freeze. With approximately 30% of officers and 40% of NCMs within Generation Y and this being a generation that is abundantly skilled, it is crucial that the CAF adapt where possible remain the employer of choice for the duration of their working life.

Generation Y has been "influenced by changes that affected their parents. These include increases in separation and divorce rates, increases in female labour force participation, increases in institutional care, and rapid technological change."<sup>182</sup> In terms of specific historical events or experiences, the formative years of Generation Y have been shaped by "the age of the internet, cable television, September 11, globalization and environmentalism."<sup>183</sup> Following in the footsteps of Gen Xers into the workforce, instead of experiencing a competitive market, Generation Y members found the experience to be much less aggressive as "there were more jobs than people."<sup>184</sup> While Baby Boomers may look at those of Generation Y as lazy or less motivated, "there was simply less need to prove themselves in order to be hired,"<sup>185</sup> or in the case of the CAF, recruited. Like Generation X-ers, and "unlike boomers who are inclined to put a high priority on vocation, GenY's are more focused on their family and non-work lives."<sup>186</sup>

Generation Y members of Group 3 were recruited during the 2000s when recruiting experienced a significant increase as the CAF looked to ramp up to 68,000 members. Rather than being lazy or less motivated, Generation Y has an abundance of skill and potential. "With significant gains in technology and an increase in educational programming during the 1990s, the Millennials [Generation Y] are also the most educated

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<sup>182</sup> Statistics Canada, "Generations in Canada."

<sup>183</sup> McCrindle Research, "New Generations at Work," 13.

<sup>184</sup> Catriona Lander, "Generations X & Y," 79.

<sup>185</sup> Catriona Lander, "Generations X & Y," 79.

<sup>186</sup> Anderson, John. "Motivating, Managing, Retaining Generation X and Gen Y Employees."

generation of workers today."<sup>187</sup> Furthermore, Generation Y is very team-centric as they grew up in a time when "parents programmed much of their lives with sports, music, and recreational activities to keep them occupied while Boomer parents focused on work."<sup>188</sup> As a result of these experiences, Generation Y individuals have had many opportunities for planning, organizing and leading before even joining the CAF. This cohort is "self-focused and demanding; they want to be asked their opinion and want to set their own work plans."<sup>189</sup> Group 1 (0 to 9 YOS) is one that is used to using the skills that they have. As a result, the military structure where some tasks are based on rank and time in vice skill alone is an adjustment for them. The flip-side of the varied experiences that Generation Y has had early in life, however, is that "this group is harder to "wow".<sup>190</sup> The traditional policies, benefits, etcetera that are currently in place in the CAF that may satisfy Baby Boomers may not be as appealing to Generation Y. This is moreover the case as:

the world for Generation Y has become incentivized. Customer loyalty is bought with frequent buyer programs, points or discounts. And so is employee loyalty. By understanding and meeting their needs, and motivating through relevant reward and recognition strategies, retention can be heightened.<sup>191</sup>

Similarly to observations concerning organizational loyalty in Generation X, "Generation Y has a reputation for little company loyalty and poor job commitment."<sup>192</sup> Positioning itself as the employer of choice is particularly critical for the CAF as Generation Y are more willing to change employers or retrain for another career if they are not satisfied where they are. As identified by McCrindle Research in 2006, "those

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<sup>187</sup> American Management Association, "Leading the Four Generations at Work."

<sup>188</sup> *Ibid.*

<sup>189</sup> Catriona Lander, "Generations X & Y," 80.

<sup>190</sup> *Ibid.*, 79.

<sup>191</sup> McCrindle Research, "New Generations at Work," 6.

<sup>192</sup> *Ibid.*, 17.

aged 20-24 [Generation Y] are three times more likely to change jobs in a year than those aged 45-54 [Baby Boomers]. In fact nearly 1 in 4 of those aged 20-24 change jobs in any given year."<sup>193</sup> Based on extensive group discussions and surveys, however, McCrindle Research suggests that there are ways to engender organizational loyalty in Generation Y, with the top five being: Work Life Balance, Workplace Culture, Varied Job Role, Management Style and Training.

Unlike the older generations, because Generation Y members are just starting out their careers and have some time before reaching traditional career exit points, the CAF has more time to truly engender loyalty in these members based upon their unique characteristics. In the discussion to follow, the alignment of the CAF's needs in light of Defence Renewal and the implementation of measures to appeal to the work life balance and nature of the job needs of Generation Y to encourage retention will be investigated.

To successfully retain these diverse generations in the workplace to achieve missions as set out in CFDS in the lean and efficient manner demanded by Defence Renewal, the CAF needs to acknowledge the distinct characteristics of each generation and be prepared to make potentially significant changes in benefits to motivate targeted groups to remain in the military and perform. While immediate and perhaps transactional incentives will need to be implemented by the CAF to address retention amongst the Baby Boomers in Group 1, there likely are opportunities for the CAF to implement policy changes that encourage loyalty in the Generation X and Y members of Group 2 and 3. Of particular note concerning these cohorts, and worthy of repeating, is the attitude towards work/life balance: Baby Boomers place a high priority on work while Generation X and Y, the younger members that the CAF must target for retention, place a higher priority on

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<sup>193</sup> *Ibid.*, 6.

work/life balance. As members of Group 1 may in many cases be responsible for directly policy revision, it will be important for them to acknowledge the potential for different motivational factors for retention between themselves and the younger generations and direct policy changes towards retaining the targeted groups, not themselves. Such motivational factors and potential policy changes to encourage retention will be discussed in the chapters to follow.



## CHAPTER FIVE - HERZBERG'S TWO FACTOR THEORY

While researching the sources of employee motivation during the 1950s and 1960s, American psychologist Frederick Herzberg, considered to be "one of the most influential management teachers and consultants of the post-World War II era,"<sup>194</sup> discovered a startling reality for managers and organizations to come to terms with: The things that make people satisfied and motivated on the job are different in kind from the things that make them dissatisfied. In the introduction to Herzberg's classic "One More Time: How Do You Motivate Employees?" in the Harvard Business Review, the nature of dissatisfaction at work was illustrated as follows:

Ask workers what makes them unhappy at work, and you'll hear about an annoying boss, a low salary, an uncomfortable work space, or stupid rules. Managed badly, environmental factors make people miserable, and they can certainly be demotivating. But even if managed brilliantly, they don't motivate anybody to work much harder or smarter.<sup>195</sup>

Reflecting on the comments made by members of the CAF in Retention Surveys in Chapter Three, many of them are paralleled in the above illustration of dissatisfaction at work. The illustration provided in Harvard Business Review went on to summarize the conclusion of Herzberg's work, stating that "people are motivated, instead, by interesting work, challenge, and increasing responsibility. These intrinsic factors answer people's deep-seated need for growth and achievement." In light of the CAF's need to retain personnel, and to do so in accordance with the Defence Renewal vision of creating a lean and efficient organization, Herzberg's research on employee motivation will be reviewed

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<sup>194</sup> Barnaby J. Feder, "F. I. Herzberg, 76, Professor And Management Consultant," *New York Times*, 1 February 2000, <http://www.nytimes.com/2000/02/01/business/f-i-herzberg-76-professor-and-management-consultant.html>.

<sup>195</sup> Harvard Business Review, "One More Time: How Do You Motivate Employees?," last accessed 23 April 2014, <http://hbr.org/2003/01/one-more-time-how-do-you-motivate-employees/>

to determine its' applicability to the CAF and how it might best be implemented within the CAF.

Herzberg's research concerning employee motivation was first published in his book *Motivation to Work* and subsequently expanded upon in his book *Work and the Nature of Man*. His body of work is based upon the premise "that man has two basic needs - his animal needs, which relate to the environment, and his distinctive human needs, which relate to the tasks with which he is uniquely involved."<sup>196</sup> With respect to the "duality of man's nature," Herzberg further clarified that man's animal needs move him to avoid pain, while his human needs move him to grow psychologically.<sup>197</sup> As both basic needs exist within man "both must be served and one will not substitute for the other."<sup>198</sup> In essence, Herzberg's theory is based on the premise that "one cannot find happiness simply by avoiding physical pain, nor can one avoid pain by finding happiness...happiness and pain are not polar opposites of the same feeling originating from the same source...happiness and pain are not on the same continuum."<sup>199</sup> Through his research, which will be summarized below, Herzberg built upon this foundation to follow that satisfaction and dissatisfaction are not on the same continuum and are affected by different factors.

*Motivation to Work*, written with research colleagues Bernard Mausner and Barbara Bloch Snyderman in 1959, documents Herzberg's study to test his theory that man has two sets of needs. In this study, he and his team interviewed 200 engineers and accountants from a cross-section of industries in Pittsburgh. The participants "were asked

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<sup>196</sup> Frederick Herzberg, *Work and the Nature of Man*, 12.

<sup>197</sup> *Ibid.*, 71.

<sup>198</sup> Nelson H. Noell, "Herzberg's Two-Factor Theory of Job Satisfaction" (study project report, Defense Systems Management School, 1976), 6.

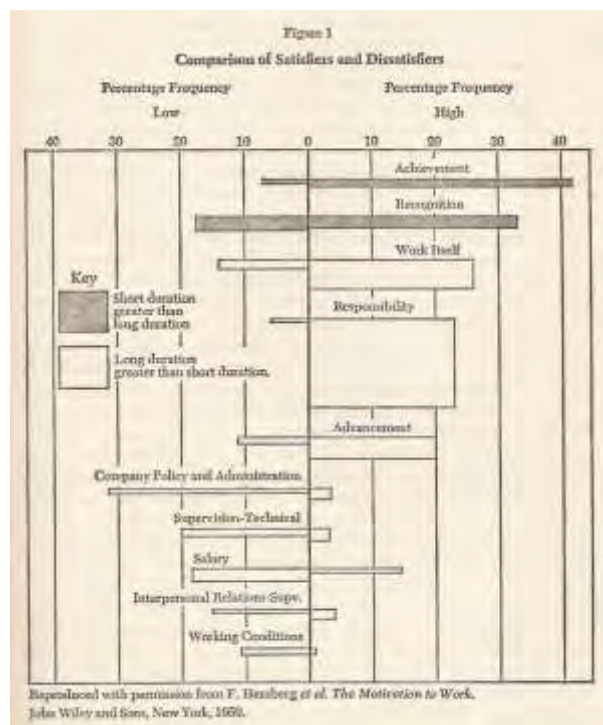
<sup>199</sup> *Ibid.*, 6.

about events that they had experienced at work which either had resulted in a marked improvement in their job satisfaction or had led to a marked reduction in job satisfaction."<sup>200</sup> Specifically, the participants were asked to bring to mind a situation where they felt exceptionally good or bad about their job and to then describe what had happened. During the course of the discussion, the interviewers attempted to determine what factors contributed to the positive or negative feelings, how these feelings impact the participants' performance and how long the feelings lasted. Participants were permitted to describe as many scenarios as they could recall, however, there were several criteria that had to be met for the recorded scenario to be used in the study. The criteria required that the scenario relate to an objective event as opposed to a feeling, be bound by time, resulted in the participant feeling one of the emotional extremes, have occurred in an engineering or accounting position and be one in which the participants feelings about his job were directly affected. The objective events that the participants described throughout the interviews were distilled in to a list of factors. While the study investigated 16 factors that affected job attitude, "only those [factors] that were found to differentiate statistically between positive and negative job attitudes were presented."<sup>201</sup> These are illustrated in Figure 20.

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<sup>200</sup> Frederick Herzberg, *Work and the Nature of Man*, 71.

<sup>201</sup> *Ibid.*, 77.



**Figure 20: Comparison of Satisfiers and Dissatisfiers**<sup>202</sup>

For each factor, two aspects are represented in Figure 20: the frequency with which the factor appeared in all of the recorded scenarios as a cause of satisfaction or dissatisfaction and the average duration of the good or bad job attitude resulting from the factor in all of the recorded scenarios. The period of time associated with the durations were relative to the defined short term, no longer than two weeks, or long term, lingering up to a number of years.

As illustrated on right side of Figure 20, Herzberg's study found that there were five factors most frequently associated with job satisfaction: Achievement, Recognition, Work Itself, Responsibility and Advancement. The central theme for these factors is that they tended to describe what the person does. Herzberg considered these factors to be Motivator factors "since other findings of the study suggest that they are effective in

<sup>202</sup> *Ibid.*, 73.

motivating the individual to superior performance and effort."<sup>203</sup> These Motivator factors are defined in Table 3.

Achievement	This includes the personal satisfaction of completing a job, solving problems, and seeing the results of one's efforts.
Recognition	This is the recognition by others for a job well done or personal accomplishment.
Work Itself	The actual content of the job and its positive or negative effect upon the employee whether the job is characterized as interesting or boring, varied or routine, creative or stultifying, excessively easy or excessively difficult, challenging or non-demanding.
Responsibility	This includes both the responsibility and authority in relation to the job. Responsibility refers to the employee's control over his or her own job or being given the responsibility for the work of others. Gaps between responsibility and authority are considered under the Company Policies and Administration factor (a job dissatisfaction factor).
Advancement	The actual change in upward status in the company. Increased opportunity changes with no increase in status are considered under Responsibility.

**Table 3: Definition of Motivator Factors<sup>204</sup>**

Of these factors, Work Itself, Responsibility and Advancement resulted in the longest duration of positive job attitudes. With respect to the Recognition factor, Herzberg specified that "it referred to recognition for achievement rather than to recognition as a human-relations tool divorced from any accomplishment. The latter type of recognition does not serve as a "satisfier"."<sup>205</sup> It should also be noted that the factors that contributed to satisfaction infrequently contributed to job dissatisfaction.

In terms of job dissatisfaction, as illustrated on the left side of Figure 20, Herzberg's study identified five factors that were most frequently listed: Company Policy and Administration, Supervision, Salary, Interpersonal Relations and Working Conditions. Unlike the Motivator factors, the central theme for the factors associated with

<sup>203</sup> *Ibid.*, 74.

<sup>204</sup> Herzberg's Motivation-Hygiene Theory, last accessed 14 January 2014.  
<http://www.sacbusiness.org/marketing/john%20materials/Bus%20120/herzberg.pdf>

<sup>205</sup> Frederick Herzberg, *Work and the Nature of Man*, 74.

job dissatisfaction was the situation within which the person does their job. Herzberg considered these factors to be Hygiene factors because they "essentially describe the environment and serve primarily to prevent job dissatisfaction, while having little effect on positive job attitudes."<sup>206</sup> These Hygiene factors are defined in Table 4.

Company Policy and Administration	The feelings about the adequacy or inadequacy of company organization and management. This includes poor communication, lack of delegated authority, policies, procedures, and rules.
Supervision	The competency or technical ability of the supervisor. This includes the supervisor's willingness to teach or delegate authority, fairness and job knowledge.
Salary	This includes all forms of compensation and focuses on wage or salary increases or unfulfilled expectation of increases.
Interpersonal Relations	The relationships between the worker and his or her supervisors, subordinate and peers. This includes both job related interactions and social interactions within the work environment.
Working Conditions	Factors that involve the physical environment of the job: amount of work, facilities for performing work, light, tools, temperature, space, ventilation, and general appearance of the work place.

**Table 4: Definition of Hygiene Factors<sup>207</sup>**

Unlike some of the Motivator factors that contributed to longer term changes in job attitudes, all of the Hygiene factors only resulted in short term changes in job attitudes, regardless of whether they were good or bad attitude changes. Similarly to the above observation concerning the factors contributing to job satisfaction, it should be noted that the factors that contributed to job dissatisfaction infrequently contributed to job satisfaction.

Relating back to the premise of Herzberg's theory, that one cannot find happiness simply by avoiding physical pain, nor can one avoid pain by finding happiness, Herzberg's study confirmed that "a need to avoid unpleasant job environments led to job dissatisfaction; the need for self-realization led to job satisfaction when the opportunity

<sup>206</sup> *Ibid.*, 74.

<sup>207</sup> Herzberg's Motivation-Hygiene Theory.

for self-realization was afforded."<sup>208</sup> While the presence of Hygiene factors served to avoid job dissatisfaction, these factors alone did not provide satisfaction. Herzberg argued that this was the case because individuals, termed Motivator-seekers, need growth, or self-realization, to be satisfied. Hygiene factors, being associated solely with the work environment, do not pertain to the task and are thus powerless to give meaning to the individual. That being said, however, Herzberg did acknowledge that there were a few instances in the study where some individuals "reported receiving job satisfaction solely from hygiene factors, that is, from some aspect of the job environment."<sup>209</sup> These individuals were termed Hygiene-seekers. They were generalized as those who "are primarily attracted to things that usually serve only to prevent dissatisfaction...[and who] have not yet reached a stage of personality development at which self-actualizing needs are active."<sup>210</sup>

Understanding the impact Hygiene-seekers can potentially have on an organization is important in this discourse as, provided Herzberg's Two Factor Theory is accepted as applicable to the CAF, resource limitations may necessitate the CAF being selective with respect to who is retained. Motivation-seekers are those for whom Hygiene needs must be satisfied but find their true happiness through self-realization. They are motivated by the growth opportunities presented by their job. Hygiene-seekers, on the other hand, are not motivated by the nature of their tasks but instead are motivated by the nature of their environment. They experience little happiness at completing a task well or efficiently as factors such as Accomplishment do not motivate them. Instead, these individuals "suffer from a chronic and heightened dissatisfaction with job hygiene...[they

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<sup>208</sup> Frederick Herzberg, *Work and the Nature of Man*, 78.

<sup>209</sup> *Ibid.*, 80.

<sup>210</sup> *Ibid.*, 80.

have] an overreaction to improvement in hygiene factors."<sup>211</sup> Herzberg provides the following scenario concerning a Hygiene-seeker: "You give him a salary raise and you become the most wonderful boss in the world, he is in the most wonderful company in the world - he protests too much. In other words, you have given him a shot in the arm."<sup>212</sup> Herzberg cautions that these employees "will let the company down when their talents are most needed. They are motivated only for short times and only when there is an external reward to be obtained."<sup>213</sup> Even more worrisome, however, Herzberg warns that Hygiene-seekers will pass on their motivational characteristics to impressionable new recruits within a company; creating a negative reward and motivational pattern.

From this initial study involving 200 engineers and accountants in 1950s Pittsburgh, Herzberg and his colleagues came to significant conclusions. Interestingly, "the factors involved in producing job satisfaction were *separate* and *distinct* from the factors that led to job dissatisfaction."<sup>214</sup> As a result of this polarity "the opposite of job satisfaction would not be job dissatisfaction, but rather *no* job satisfaction; similarly, the opposite of job dissatisfaction is *no* job dissatisfaction, not satisfaction with one's job."<sup>215</sup> Thus, Herzberg "challenged assumptions that workers are motivated primarily by money and other tangible benefits...while low pay and uncomfortable working conditions could make employees so dissatisfied that they would perform poorly, fixing those problems was not enough to create effective labor forces."<sup>216</sup> Essentially, Hygiene factors can at best create no dissatisfaction on the job, while their absence creates dissatisfaction.

Instead, to truly motivate employees, Herzberg's study concluded that "companies needed

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<sup>211</sup> *Ibid.*, 89.

<sup>212</sup> *Ibid.*, 89.

<sup>213</sup> *Ibid.*, 89.

<sup>214</sup> *Ibid.*, 76.

<sup>215</sup> *Ibid.*, 76.

<sup>216</sup> Barnaby J. Feder, "F. I. Herzberg, 76, Professor And Management Consultant."



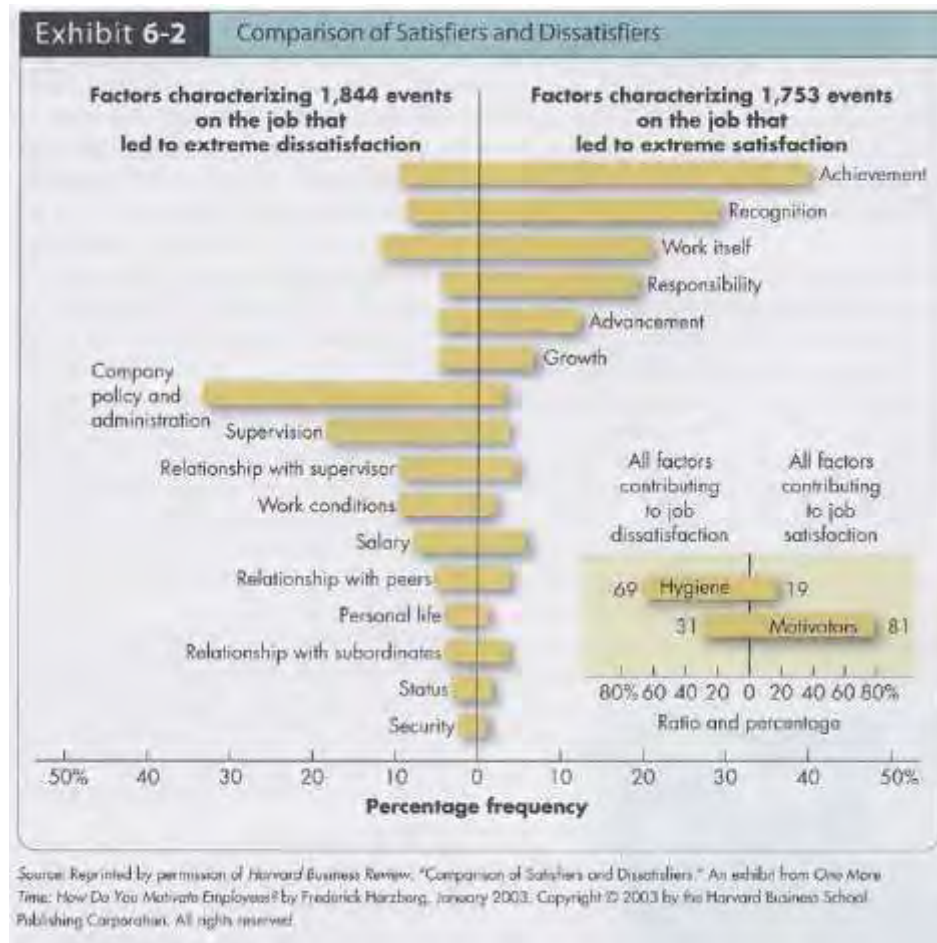
not only to achieve acceptable hygiene levels but also to institute practices that made people happy."<sup>217</sup>

Interestingly, while it is impressive that such profound conclusions on the nature of man and motivation could be made based on an initial study of 200 people, it is for this very reason that Herzberg's theory has been challenged in numerous papers over the subsequent years. This criticism of the restricted sample size is acknowledged and answered in Herzberg's *Work and the Nature of Man*. In this book, Herzberg dedicates a chapter to summarizing the studies that were undertaken with different professions and in different countries to validate his work, concluding that "few studies in industrial psychology have been replicated as often as the motivation-hygiene study, and the evidence appears to be overwhelming that the nature of job attitudes is reflected by the theory first proposed in *The Motivation to Work*."<sup>218</sup> A compilation of results from a dozen studies are presented in Figure 21.

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<sup>217</sup> *Ibid.*

<sup>218</sup> Frederick Herzberg, *Work and the Nature of Man*, 128.



**Figure 21: Comparison of Satisfiers and Dissatisfiers**<sup>219</sup>

That Herzberg's theory has been confirmed time and again, is suggested to be a result of his "considerable preparatory investigations, and the design of the research itself, [that] enabled Herzberg and his colleagues to gather and analyse an extremely sophisticated level of data."<sup>220</sup> Furthermore,

Herzberg's clever open interviewing method gleaned far more meaningful results than the conventional practice of asking closed (basically yes/no) or multiple-choice or extent-based questions, which assume or prompt a particular type of response, and which incidentally

<sup>219</sup> Koontz, David. "Motivation & Herzberg Two-Factor Theory." *Agile Complexification Inverter* (blog), 2 September 2009, <http://agilecomplexificationinverter.blogspot.ca/2009/09/motivation-herzberg-two-factor-theory.html>

<sup>220</sup> Frederick Herzberg Motivational Theory.

remain the most popular and convenient style of surveying even today - especially among those having a particular agenda or publicity aim.<sup>221</sup>

One indicator of the applicability and endurance of Herzberg's Theory is the that this article, *One More Time: How Do You Motivate Employees?* is considered a Harvard Business Review Classic and has been reprinted numerous times in this prestigious review. Originally published in early 1968, the Sep/Oct 1987 reprint included a retrospective commentary from Herzberg. His commentary provides some massaging to the definitions of the factors to update them to reflect more modern business practices, such as the Motivator factor of Responsibility including self-scheduling and control of resources, however, the foundation of his theory remains unchanged. Upon reflection some thirty years after *The Motivation to Work* was published, Herzberg maintains "I don't think I would write it much differently today."<sup>222</sup>

While the initial study conducted by Herzberg and his colleagues focused on a small sample on engineers and accountants in Pittsburgh, numerous subsequent studies covering a range of professions (incl women, different levels of supervisors, technicians, and medical staff) found the same conclusions to be true. The majority of people in the workforce are Motivator-seekers who find job satisfaction from Achievement, Work Itself, Responsibility, Recognition and Advancement. Due to the duality of man, they also are impacted by Hygiene factors, but these factors will not motivate them. Herzberg acknowledges this when he stated

of course attention to hygiene needs is important, for without it any organization will reap the consequences of unhappy people. The error lies in assuming that prevention will unleash positive feelings and the

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<sup>221</sup> *Ibid.*

<sup>222</sup> Frederick Herzberg, "One More Time: How Do You Motivate Employees?" *Harvard Business Review*, September-October 1987: 5.

returns of increased creativity, productivity, lowered absenteeism and turnover, and all other indices of manpower efficiency.<sup>223</sup>

With the exception of the small group of Hygiene-seekers, those who are motivated by Hygiene factors, the majority of people are simply not dissatisfied when their Hygiene needs are met. The potential of focusing on Hygiene needs is dangerous as:

"man's avoidance needs are recurrent and of an infinite variety; therefore, we will find that demand for improved salary, working conditions, inter-personal relations, etc., will continue to occupy the personnel administrator without any hope of his escaping the question, What have you done for me lately? Hygiene acts like heroin - it takes more and more to produce less and less effect."<sup>224</sup>

And so the CAF, in an effort to retain its experienced members, must strike a balance between satisfying their Hygiene needs and fostering their Motivator needs. Fostering the latter to facilitate job satisfaction, and thus organizational commitment and retention, requires that the CAF provide "the ingredients that man required on his job if he is to continually find satisfaction in doing it."<sup>225</sup> These ingredients, in addition to a challenging and interesting job, are outlined in Table 5.

Motivator	Growth Principle
Achievement and Recognition	Opportunity to increase knowledge
Responsibility	Opportunity to increase understanding
Advancement	Opportunity to experience ambiguity in decision making

**Table 5: Motivator and Associated Growth Principle**

Having gained an understanding of who the CAF needs to motivate and retain and why many these experienced personnel are voluntarily leaving, Herzberg's Two Factor Theory has been examined in an effort to discover how the CAF might best motivate its experienced personnel to continue their careers in the military. As Herzberg observed, "obviously, no job can provide all these ingredients at one time. Nor, perhaps, can all jobs

<sup>223</sup> Frederick Herzberg, *Work and the Nature of Man*, 169.

<sup>224</sup> *Ibid.*, 169.

<sup>225</sup> *Ibid.*, 177.

provide all these ingredients at different times. However, some of these components of psychologically rewarding jobs must be present."<sup>226</sup> As the "lean and efficient" environment in which the CAF will be operating likely would not allow for a retention strategy that attempts to tackle all of the Motivators, suggestions for which ingredients the CAF should address will be made in the next chapter, with an investigation of potential initiatives to be conducted in the subsequent chapter.

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<sup>226</sup> *Ibid.*, 178.

## CHAPTER SIX - TWO FACTOR THEORY, THE CURRENT OPERATING ENVIRONMENT AND RETENTION IN THE CANADIAN ARMED FORCES

At a time when the CAF is "faced with a changing Canadian demographic profile, a low interest among Canadian youth in joining the military, and increasing military operational demands,"<sup>227</sup> coupled with the Defence Renewal Demands for a "lean and efficient organization that continuously finds ways to better conduct the business of defence, that frees up resources to be reinvested in operational capabilities and readiness, and that delivers the best military capabilities at the best value for Canadians,"<sup>228</sup> motivation and retention of experienced personnel is paramount. Thus far, the discourse has situated the CAF by examining its obligations, demographic profile and retention challenges, as well as reviewed Herzberg's Two Factor theory of motivation and contemporary research on generational differences in the workplace. In this chapter, these topics will be brought together to determine where the CAF has the opportunity to make itself the employer of choice. By understanding those factors that contribute to job satisfaction and by implementing potentially innovative policy changes, the CAF will be able to motivate and retain the experienced personnel it requires to meet its mission within the vision of Defence Renewal.

While the focus of this discourse is on motivation and retention, it must be accepted that a certain amount of attrition, or turnover, is not a negative occurrence as it allows for force renewal. This reality was acknowledged by the then Minister of National Defence, The Honourable Gordon O'Connor, when he advised the Standing Committee on Public Accounts in 2006 that "a long-term average attrition of 6-8% is needed to

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<sup>227</sup> Auditor General of Canada, *2006 May Status Report of the Auditor General of Canada*, 47.

<sup>228</sup> Department of National Defence, *Defence Renewal Charter*, 3.

establish the balance between maintaining effective strength of the Canadian Forces and ensuring force renewal."<sup>229</sup> Voluntary attrition, which was discussed in Chapter Three, is comprised of Functional turnover and Dysfunctional turnover. Essentially,

functional turnover is related to the exit of an employee whom the organization judges as a standard or low performer. Dysfunctional turnover occurs when a high performing or not easily replaceable employee leaves the organization and the organization would prefer to retain the individual.<sup>230</sup>

This distinction between functional and dysfunctional turnover roughly translates to Herzberg's categorization of employees as Motivator or Hygiene seekers. As described in Chapter Three, Hygiene seekers are those who reportedly achieved job satisfaction from some aspect of the job environment. While these individuals "may be successful on the job because of talent,"<sup>231</sup> Herzberg asserted that these individuals would eventually let their organization down when their talents were most needed as "it is just when an emergency situation arises, and when the organization cannot be bothered with hygiene, that these key men may fail to do their jobs."<sup>232</sup> In some instances, their attrition could be considered a Functional turnover that "is beneficial to the organization as it creates space for the entry of new employees with new ideas, and can replace a poor performer with a more effective employee."<sup>233</sup> Motivator seekers, on the other hand, are "motivated by the nature of the task"<sup>234</sup> and "realize great satisfaction from accomplishments."<sup>235</sup> These are the people the CAF should seek to retain by preventing Dysfunctional turnover.

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<sup>229</sup> House of Commons, Government Response to the Eleventh Report of the Standing Committee on Public Accounts.

<sup>230</sup> Nancy Otis and Michelle Straver, "Review of Attrition and Retention Research ...," 2.

<sup>231</sup> Frederick Herzberg, *Work and the Nature of Man*, 90.

<sup>232</sup> *Ibid.*, 89.

<sup>233</sup> Nancy Otis and Michelle Straver, "Review of Attrition and Retention Research...," 2.

<sup>234</sup> Frederick Herzberg, *Work and the Nature of Man*, 90.

<sup>235</sup> *Ibid.*, 90.

The link between job satisfaction and retention was established by Villeneuve, Dobрева-Martinova and Currie. They concluded that high organizational commitment, the "psychological state that characterizes the relationship that the employee has with the organization; a relationship that influences the decision of the employee to stay or leave the organization,"<sup>236</sup> was a direct predictor of lower intentions to turnover. Organizational commitment "was found to be affected by high perceived organizational support of members and job satisfaction."<sup>237</sup> They proposed that job satisfaction could "be increased by improving work-life balance and increasing satisfaction with career."<sup>238</sup> Thus, by increasing an employee's satisfaction with their career, an organization should be able to decrease attrition. Simply stated, "retention generally refers to the absence of employee attrition, or turnover."<sup>239</sup> It is clear that by focusing on job satisfaction the CAF will be able to increase members' organizational commitment and position itself as an employer of choice. Villeneuve, Dobрева-Martinova and Currie's correlation between job satisfaction and work-life balance/career satisfaction ties closely with Herzberg's Two Factor Theory. As discussed in Chapter Four, achieving a work-life balance is particularly important to Generation X and Y members of Groups 2 and 3. Thus, to truly motivate employees, and thus minimize Dysfunctional turnover, the CAF needs to reflect on Herzberg's conclusion that "companies needed not only to achieve acceptable hygiene levels but also to institute practices that made people happy."<sup>240</sup>

Given the link between job satisfaction, organization commitment and retention, the four main reasons for influence on intent to leave as expressed by members of the

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<sup>236</sup> Rianne Kaptijn, "Assessing Affective Commitment in the Three-Component Model and the Two Factor Theory" (master's thesis, University of Twente, 2009), 2.

<sup>237</sup> Nancy Otis and Michelle Straver, "Review of Attrition and Retention Research...", 15.

<sup>238</sup> *Ibid.*, 15.

<sup>239</sup> *Ibid.*, 15.

<sup>240</sup> Barnaby J. Feder, "F. I. Herzberg, 76, Professor And Management Consultant."



CAF will be categorized according to Herzberg's Motivators or Hygiene factors. Results are compiled in Table 6, including categorization of survey results in accordance with Herzberg's Two Factor Theory.

Reason (alphabetical)	2010 CF Retention Survey	2012 CF Retention Survey	CF Exit Survey <sup>1</sup>	Herzberg Factor
Family Considerations <sup>2</sup>	X	X	X	Hygiene - Personal Life
Nature of Work Conducted <sup>3</sup>		X	X	Motivator - Work Itself
Pay and Benefits	X			Hygiene - Salary
Work Life Balance <sup>4</sup>			X	Hygiene - Personal Life

Notes: <sup>1</sup> As reported in the *Annual Report on Regular Force Attrition 2010/2011*

<sup>2</sup> Including postings, choice of postings, geographic stability and career management (as discussed in Chapter Three).

<sup>3</sup> Though no definition of job dissatisfaction was found in example CF Retention Surveys, the author assumes that Job Dissatisfaction relates to dissatisfaction with the members job or tasks, thus Work Itself, as opposed to job dissatisfaction as it relates to Herzberg's Two Factor Theory.

<sup>4</sup> Work Life Balance was categorized as Hygiene as Herzberg indicated that personal life included any scenarios "in which some aspect of the job affected the individual's personal life in such a way as to make the effect a factor in the respondent's feelings about his job."<sup>241</sup>

**Table 6: Categorization of Influence on Intent to Release Survey Results in Accordance with Herzberg's Two Factor Theory**

When member feedback on intent to leave influences is boiled down, it is interesting to note that the majority of the comments relate to Hygiene factors while Work Itself is the only Motivator factor that was highlighted in the survey results. Although not depicted in Herzberg's original illustration of Motivator and Hygiene factors, Personal Life is one of "the other factors [that] have similarly been shown to fall into one category or the other in the follow-up studies...these factors [include] the hygiene factors [of] salary, status, job security and effect on personal life."<sup>242</sup> In his definition of this first level factor, Herzberg stated "for example, if the company demanded that a man move to a new location in a

<sup>241</sup> Frederick Herzberg, *Work and the Nature of Man*, 197.

<sup>242</sup> *Ibid.*, 77.

community in which his family was unhappy, this was accepted as a valid sequence of events and was coded under the 'personal life' category."<sup>243</sup>

According to Herzberg, the prevalence of military members seeking Hygiene factors for satisfaction may be explained by his observation that "there may be individuals who because of their training and because of the things that have happened to them have learned to react positively to the factors associated with the *context* of their jobs."<sup>244</sup> Thus it may be argued that the CAF culture has fostered an environment where Hygiene seekers are prevalent. This possibility is startling as Herzberg states:

If we accept the notion that one of the most important functions of a manager is the development of future managers, the teaching of hygiene motivations becomes a serious defect to the company. This, I believe, is one of the major implications that the motivation-hygiene theory has for modern personnel practices.<sup>245</sup>

Given that the CAF prides itself on leadership and personnel development, mainly through mentorship, this is an area that needs further understanding. The CAF must question whether a culture of Hygiene-seekers, vice Motivator-seekers, is being fostered by the policies and programs implemented to date. That being said, the findings from the 2010 CF Retention Survey (Chapter Three, Figure Y) did show that as members aged, they did evolve from Hygiene seekers to motivation seekers, with job and career satisfaction becoming more important than pay and benefits. As this is the reality in which the CAF finds itself, the CAF should look at ways to satisfy a competitive level of Hygiene needs to situate itself as an employer of choice and retain experienced personnel while fostering an environment that encourages Motivator seekers and the long term goals of Defence Renewal.

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<sup>243</sup> *Ibid.*, 197.

<sup>244</sup> *Ibid.*, 80.

<sup>245</sup> *Ibid.*, 91.

As discussed, the main reasons given for influence on intent to leave are family considerations, nature of work itself, work life balance and pay and benefits. It has been further detailed that of these four main reasons, only one, nature of work itself, is a Motivator factor that should be expected to result in job satisfaction, organizational commitment and thus retention. The other three reasons given are Hygiene factors and, according to Herzberg, should be expected, if the need is met, to simply not cause job dissatisfaction. When looking at the demographic groups within the CAF as of 2011, presented in Table 1 as a refresher, understanding that those still in uniform are now three years older in 2014, and their generational characteristics, both the Motivator and Hygiene factors present in the influence on intent to leave findings are provided in the literature as areas that organizations must deal with to encourage retention of Generation X and Y, the experienced personnel the CAF must retain.

Group	YOS	Age	Generation
1	20 or more	40 and older	Generation X and Baby Boomer
2	10 to 19	30 to 39	Generation X
3	0 to 9	20 to 29	Generation Y

**Table 7: Generalized Correlation between YOS, Age and Generation as of 31 March 2011**

Of the four main reasons given for influence on intent to leave, implementing incentives to address concern with the nature of work itself are most likely to appeal to Baby Boomers within Group 1 who are quickly approaching 35 YOS and have been shown to place high value on their work life. The CAF may also find that financial incentives may entice Baby Boomers, who currently have little to be gained financially by serving beyond 35 YOS, to remain until CRA 60. Though the majority of Baby Boomers should have a healthy pension to look forward to in retirement, financial incentives may prove enticing for them as "because of the fall of the dot.com marketplace, retirement savings of

Baby Boomers were decimated and many now find themselves having [or being influenced] to work longer than they had planned."<sup>246</sup>

The literature presented in Chapter Four indicated that organizations wishing to retain Gen X-ers should focus on financial incentives (such as cash, salary increases and promotion), improving work life balance (so that employees have time for family and non-work interests), and providing state of the art resources, technology and training. These recommendations echo the main reasons given for influence on intent to leave of family considerations, nature of work itself, work life balance and pay and benefits.

With respect to members of Generation Y, the literature presented in Chapter Four suggested that work life balance, workplace culture, varied job role, management style and training are the areas that organizations should focus on to encourage employee loyalty and thus retention. These recommendations focus on two of the main reasons given for influence on intent to leave: nature of work itself and work life balance. Interestingly and perhaps encouraging from the perspective of changing the CAF from an environment with a prevalence for Hygiene seekers to one comprised mainly of Motivator seekers, the wants of Generation Y are more in tune with Herzberg's Motivator factors, focusing predominantly on work itself, than Generation X.

With the generational characteristics and recommendations for retention aligning with the main reasons given for influence on intent to leave by members of the CAF, it seems clear that the CAF should focus retention activities on these four areas. As Herzberg observed, "obviously, no job can provide all these ingredients at one time. Nor, perhaps, can all jobs provide all these ingredients at different times. However, some of

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<sup>246</sup> American Management Association, "Leading the Four Generations at Work."

these components of psychologically rewarding jobs must be present."<sup>247</sup> As the "lean and efficient" environment in which the CAF will be operating likely would not allow for a retention strategy that attempts to tackle all of the Motivators, narrowing the scope of retention initiatives is in line with the Defence Renewal vision. Before looking to foreign militaries and academic literature for suggestions on initiatives the CAF could implement, it is necessary to look to the current CAF strategies to see what initiatives are already underway. As discussed in Chapter One, many of the current strategic directives contain goals and objectives that are pertinent to this discussion and could be leveraged upon to place the CAF as the employer of choice to encourage retention of experienced personnel.

Though categorized as a Hygiene factor that should only prove to avoid job dissatisfaction, Family Considerations are cited by members of the CAF as having a significant impact on their intent to leave. Family Considerations consists of "the effect of members' postings on their ability to maintain family, their spouse/partners' employment, their children's education and the opportunity to settle down in a certain area, the feeling that the community in which they live is home."<sup>248</sup> As expressed by the Ombudsman, "most fundamentally, better support to families will invariably impact retention."<sup>249</sup> While the most recent Ombudsman report contained numerous recommendations concerning improved support to families, it is recommended that those that specifically correlate to the reasons members cite for intent to leave the CAF be focused on. The list of recommendations is lengthy and likely costly, however, as the report acknowledges in "General Finding 3: Today's military families receive more support than ever."<sup>250</sup>

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<sup>247</sup> Frederick Herzberg, *Work and the Nature of Man*, 178.

<sup>248</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 61.

<sup>249</sup> Department of National Defence Ombudsman, *On the Homefront...*, 74.

<sup>250</sup> Department of National Defence Ombudsman, *On the Homefront...*, 3.

Members' intent to leave was not a result of poor support to their families, for example the nature of programs at Military Family Resource Centers (MFRCs) or the state of military housing. Family Considerations are not new issues and were identified in the 2009 *CF Retention Strategy* and its associated Campaign Plan as areas to be addressed to increase retention. Specifically, the Campaign Plan has numerous supporting initiatives aimed at addressing Family Consideration concerns, including, but not limited to: review means of improving geographic stability, develop supportive IR policies, improve dependent educational services and improve spousal employment services.<sup>251</sup> While these initiatives, all which were to have been addressed by April 2011, could help the CAF in addressing members' Family Consideration concerns, the author was unable to locate any follow-on reports documenting what actions were taken to address these initiatives, or for what reasons specific initiatives were not actioned. In keeping with the Defence Renewal objective that funds be shifted to specific areas where they can be used more efficiently, support to military families should focus on efforts to improve geographic stability. On this note, within the Defence Renewal theme of Personnel is an objective to Modernize CAF Career Management Process, specifically "re-prioritize cost moves to achieve maximum effect within new budget allocation in order to achieve the VCDS Manning Priorities to the maximum extent possible."<sup>252</sup> While the driver behind this objective is clearly fiscal savings, the milestone of "reduced re-locations during APS 13 and beyond"<sup>253</sup> will inevitably result in a collateral benefit to those members who are not posted as a result of this initiative by providing their families with increased, albeit

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<sup>251</sup> Department of National Defence, *Military Personnel Retention Strategy*, 19 July 2009, Annex A.

<sup>252</sup> Department of National Defence, *Defence Renewal Plan*, October 2013, (Email from Maj Jull 27 Jan 2014), 61.

<sup>253</sup> *Ibid.*, 61.

perhaps temporary, geographic stability. Having a policy that consciously reduces postings to increase retention may have a more profound impact.

The CAF, specifically the Baby Boomers who are in many cases setting the policy, need to acknowledge that "today's CF family is patently different than that of previous generations - changes that in many ways reflect shifting Canadian societal norms and expectations."<sup>254</sup> One such change is that a two-income family is now the norm, not the exception, and thus the CAF must implement policies to support this. This reality was illustrated in Mr Wenek's 2010 testimony to the Standing Committee on National Defence when he stated "the fact that in today's reality dual income families are the norm and not the exception. Given that military families must often move it becomes difficult for spouses to find or hold employment."<sup>255</sup> This sentiment, often expressed by CAF members, was eloquently expressed by a British soldier during a RAND Europe focus group:

The Armed Forces have lost sight of the fact that most people now need their partners and wives to work just to pay the household bills. You need wives with their own careers, and they need stability for their own personnel development. Therefore, this notion of lifting families around purely on the basis of their husband's job is horrible outdated.<sup>256</sup>

A reduction in cost moves, and thus the potential for geographic stability and continuity of spousal employment, should have a positive impact on members' perceptions related to Family Considerations. Disappointingly, while it is understood that the CAF must implement cost savings and act in accordance with Treasury Board (TB) policy, the CAF has recently implemented policy changes that may have an equally negative impact on this main reason influencing intent to leave. In July 2012 the CAF announced changes to

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<sup>254</sup> Department of National Defence Ombudsman, *On the Homefront...*, 3.

<sup>255</sup> House of Commons, Standing Committee on National Defence.

<sup>256</sup> H. Pung, *et al.*, *Remuneration and its Motivation of Service Personnel* (RAND Europe, 2007), 26.

the Imposed Restriction (IR) policy which included ceasing incidental expense allowance and meal allowance. While arguably an abused policy, the intent of IR was to permit members to leave their families in one location and proceed on posting to another location. Reasons for separation under this policy included dependent educational and health concerns and continuity of spousal employment. While the CANFORGEN stresses that the "TB-approved changes to the CF compensation and benefit framework announced herein are reasonable in the current environment and they have been chosen with a view to minimizing impact on our people,"<sup>257</sup> these changes unfortunately are counter to the initiatives the CAF needs to implement, and has identified as having to implement in the 2009 *CF Retention Strategy*, to address the Family Consideration issues cited by members as influencing their intent to leave. As a result, there are opportunities for the CAF to implement retention initiatives targeted at addressing Family Considerations.

Work Life Balance is a term that is frequently used when discussing job satisfaction, retention and employee benefits as it is cited as being extremely important to Generation X-ers, who are said to have coined the term, and members of Generation Y. The term itself, however, means different things to different people and thus the ability of the CAF to address this issue may be challenging. Understanding what this means to personnel, as the CAF should aim to retain personnel until CRA 60, will be important "as more people retire later in life, many will want more time off as opposed to increased compensation."<sup>258</sup> The CAF has acknowledged that finding a balance between a member's work life and family life is important pursuit and can have an impact on retention.

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<sup>257</sup> Department of National Defence, CANFORGEN 145/12 CMP 063/12 - CF Compensation and Benefit Framework, 301435Z JUL 12, para 3.

<sup>258</sup> American Management Association, "Leading the Four Generations at Work."



Improving the member's perception of this balance is the intent of Line of Operation 2 (LOO 2), Career and Family Balance, within the *CF Retention Strategy* Campaign Plan and includes, but is not limited to, such initiatives as: improve child care services, improve social support services, improve annual leave benefits, and review accessibility to LWOP/sabbatical year. Within LOO 3, Career/Employment Management, of the Campaign Plan was an initiative to "examine career/family balance options for women at mid-career."<sup>259</sup> While these initiatives, all which were to have been addressed by April 2011, could help the CAF in addressing members' Work Life Balance concerns, the author was unable to locate any follow-on reports documenting what actions were taken to address these initiatives, or for what reasons specific initiatives were not actioned. As a result, there are opportunities for the CAF to implement retention initiatives targeted at addressing Work Life Balance.

The CF Exit Survey cites component transfer to Reserve Force as a possible solution to some of the family consideration and work life balance issues discussed above, observing:

Interestingly, the relatively high level of CF fit of some departing members may partially explain why more than a third of them planned to transfer to the ResF rather than leaving the organization completely. [Component Transfer] CT might be a way for departing members to address some of the issues they have with the organization (e.g., work-life balance, the effects of postings on families and attachment to community) while remaining in the CF. Additional research related to the proportion of voluntary attrition that is actually attributable to CT might provide additional insights in this regard.<sup>260</sup>

While this observation was valid and merited additional research, recent policy changes may have significantly reduced the potential CT to the ResF had as a retention tool. In

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<sup>259</sup> Department of National Defence, *Military Personnel Retention Strategy*, Annex A.

<sup>260</sup> Kathy Michaud and Irina Goldenberg, "The Canadian Forces Exit Survey...", 23.

2012, the Canadian Forces Superannuation Act was revised such that Reserve Force members who serve on year-round reserve force service, including Class C contracts, Class B contracts and Class A positions topped up to Class B, were no longer able to be in receipt of their Regular Force pensions. In relaying this policy change to RCAF members, Commander of the RCAF acknowledged that "we rely heavily on these annuitants for their experience, expertise and excellence at the tactical, operational and strategic level in the RCAF. In short, they have been vital to our successful operations and in support of our personnel programs."<sup>261</sup> Interestingly, at a time when attrition rates are increasing, as presented in Chapter Three, one of the two main reasons cited for this policy change was "low regular force attrition rates."<sup>262</sup>

While the feedback from the CF Retention and CF Exit Surveys may not have gone in to extreme detail concerning the specifics associated with the concerns related to the Nature of Work Itself, generational information previously presented indicates that Generation X and Generation Y personnel want state of the art resources, technology and training. Within the Defence Renewal theme of Operations and Training, the CAF Maintenance Execution initiative contains sources of efficiency that have the potential to increase members' job satisfaction. Once such initiative involves increasing available wrench time, the time that technicians spend actually performing the tasks they joined the CAF to accomplish through a "reduction of other tasks such as administrative overhead that reduce wrench time."<sup>263</sup> This is just one example of initiatives, while small on an individual level, which the Defence Renewal Plan seeks to implement to improve overall

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<sup>261</sup> Department of National Defence, CANAIRGEN 012/12 - Revised Hiring and Employment Practices for Annuitants, 111907Z APR 12, para 1.

<sup>262</sup> *Ibid.*, para 3.

<sup>263</sup> Department of National Defence, *Defence Renewal Plan*, October, 22.

efficiency. A significant benefit of these initiatives directed at Operations and Training, albeit perhaps not an intended result, is a refocus on the job that should increase job satisfaction and thus retention. Maintenance and Material is another Defence Renewal theme that has the opportunity to increase members' job satisfaction. Initiatives pertaining to improving departmental procurement are aimed to "optimize the expenditure to deliver greater capability within budgetary limitations."<sup>264</sup> Though perhaps a lofty goal that will not be realized in the short term, delivering more of the capabilities outlined in the *Canada First Defence Strategy*, such as state of the art ships and aircraft, will inevitably appeal to the generational needs of members of Groups 2 and 3 and result in increased job satisfaction and retention. As a result, there are opportunities for the CAF to implement retention initiatives targeted at addressing Nature of Work Itself.

The impact of Pay and Benefits on retention is a somewhat controversial subject. The 2009 *CF Retention Strategy* de-emphasizes the use of monetary or other incentives to contain or reduce attrition and instead seeks to "emphasiz[e] consideration and respect for members and their families, fairness and recognition, [so that] the CF can remain the kind of organization that members want to belong to."<sup>265</sup> The CF Exit Survey supports this stance, concluding that "transactional retention measures such as retention bonuses or other money incentives may not be the most optimal ways to address attrition, as such measures do not address main dissatisfiers associated with voluntary turnover."<sup>266</sup> Interestingly, however, a 2008 technical memorandum commissioned by the Chief Military Personnel to explore military compensation and benefits in The Technical Cooperation Program (TTCP) countries acknowledged that "studies show that

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<sup>264</sup> *Ibid.*, 35.

<sup>265</sup> Department of National Defence, *Military Personnel Retention Strategy*, 3.

<sup>266</sup> Kathy Michaud and Irina Goldenberg, "The Canadian Forces Exit Survey...", 22.

compensation and benefits do play a necessary role...in attracting, motivating and retaining military personnel. Therefore, compensation and benefits are important in maintaining operational readiness."<sup>267</sup> The role that compensation and benefits play were further outlined in a RAND study conducted on behalf of the British Ministry of Defence, which found that "pay and pension motivate personnel in the Armed Forces to remain in their Service until pension entitlement. The perception of the focus groups is that personnel leave when the attraction of pay and pension package is outweighed by the effects of disruption,"<sup>268</sup> where disruption speaks to the impact of military service on the family. Furthermore, in summarizing the findings of the 2010 CF Retention Survey, it was noted:

that pay and benefits was not only the most frequently cited reason for staying in the CF, but also the second most common area suggested to improve retention. In fact, pay and benefits was the only theme coded as one of the top five themes for both questions—i.e., it is an important factor for those who are considering leaving the CF, as well as for those who are planning to stay.<sup>269</sup>

The effectiveness of retention bonuses, one potential aspect of Pay and Benefits, was reiterated by the United States Department of Defence in 2010. Due to the increase in the amount of money paid out for enlistments and retention bonuses,

Congress and the Government Accountability Office have raised questions about the effectiveness of bonuses, what the services received for this large increase in bonuses, whether bonuses were paid to individuals who would have enlisted or re-enlisted in the absence of bonuses, and whether other policies might have been more effective in maintaining or increasing the supply of personnel to the armed forces.<sup>270</sup>

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<sup>267</sup> Wang, Zhigang and Leesa Tanner. "Military Compensation and Benefits - A Preliminary Exploration in Policies in TTCP Countries." DRDC CORA TM 2008-28. October 2008. iii.

<sup>268</sup> H. Pung, *et al.*, *Remuneration and its Motivation of Service Personnel*, x.

<sup>269</sup> Karen Koundakjian and Irina Goldenberg, "Factors Influencing Stay and Leave Intentions...", 38.

<sup>270</sup> Beth J Asch, Paul Heaton, James Hosek, Francisco Martorell, Curtis Simon, John T. Warner. *Cash Incentives and Military Enlistment, Attrition, and Reenlistment*. California: RAND Organization National Defence Research Institution, 2010, iii.

In order to answer these questions, the RAND National Defence Research Institute conducted "an empirical analysis of the enlistment, attrition and reenlistment effects of bonuses, applying statistical models that control for such other factors as...deployments in the case of reenlistment, and demographics."<sup>271</sup> The study concluded "that enlistment and reenlistment bonus programs were important in helping the Army meet its recruiting and retention objectives."<sup>272</sup> Additionally, it was found that

bonuses are always likely to be more cost-effective than across-the-board increases in military pay: They can be targeted at occupations and zones, can be applied to a given interval of service (the reenlistment period), and can vary in amount. An across-the-board pay increase applies to all occupations, not just those with an impending shortage; creates a higher pay floor, which might mean higher pay costs in all future years; and gives the same pay increase to everyone.<sup>273</sup>

While the CAF has made use of retention bonuses in the past for specific trades, the *CAF Retention Strategy* does not currently contain any initiatives related to Pay and Benefits and thus this is an area where there is an opportunity for the CAF to implement meaningful initiatives. The British Armed Forces Pay Review Body advised that "targeted measures play an important role in supporting recruitment and retention in areas where there are staffing pressures,"<sup>274</sup> however, caution must be taken in this realm as Herzberg has warned that this can be a slippery slope.

It is acknowledged that three of the four areas recommended for the CAF to act are categorized by Herzberg as being Hygiene factors and that Nature of Work Itself is the sole Motivator factor. Herzberg has identified that providing for Hygiene needs results only in a temporary relief from job dissatisfaction and does not result in job

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<sup>271</sup> *Ibid.*, iii.

<sup>272</sup> *Ibid.*, xxiii.

<sup>273</sup> *Ibid.*, xxi.

<sup>274</sup> Armed Forces' Pay Review Body, Forty-Third Report 2014, March 2014.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/288713/AFPRB\\_Report\\_43rd\\_2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/288713/AFPRB_Report_43rd_2014.pdf)

satisfaction. That being said, the temporary boost that comes from satisfying the predominately Hygiene needs of military members might be sufficient to enable the CAF bridge the gap to account for the post FRP bubble and implement more institutional change to address the Hygiene vice Motivator nature of the CAF culture.

Herzberg's assessment that satisfying Hygiene factors only prevents short term job dissatisfaction has been shown to hold theoretically true for pilots within the Royal Canadian Air Force. Using a dynamic simulation model that was developed to "replicate the attrition problems of the [Royal Canadian Air Force] CAF members...[using] numeric data of seven years from 2000 to 2007,"<sup>275</sup> three separate policy change scenarios were carried out to determine how they would individually impact the attrition rate compared to a base scenario with no policy changes. The three policy change scenarios carried out consisted of: a reduction in the number of postings, an increase in equipment and tools, and an increase in pay compensation. All three of these policy change scenarios relate to Hygiene factors. The first policy change scenario dealt with a reduction in the number of postings. This is an example of a Personal Life factor. The policy change scenario relating to an increase in equipment and tools is also a Hygiene factor as it clearly falls within the Work Conditions. This factor includes sequence of events that relate to "adequacy or inadequacy of ventilation, lighting, tools, space and other such environmental characteristics."<sup>276</sup> The last of the three presented policy change scenarios consisted of an increase in pay compensation. Herzberg defined the Hygiene factor of

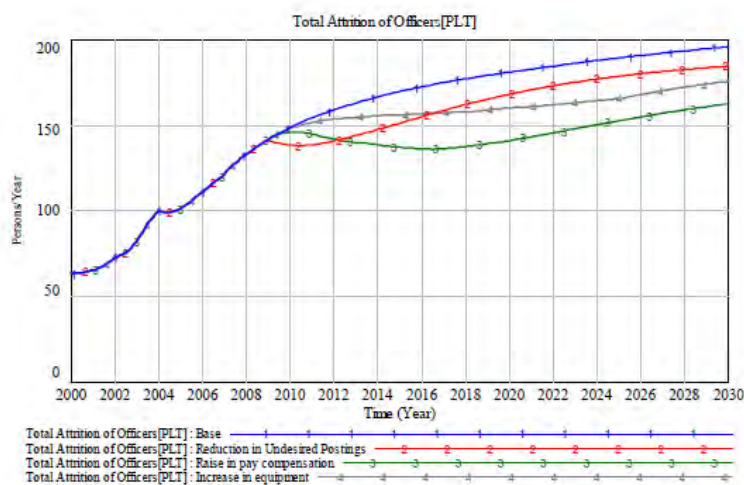
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<sup>275</sup> Arif Mehmood and Jules Vanie, "Evaluating Strategies for Controlling Attrition Rate of Canadian Air Force Members," <http://www.systemdynamics.org/conferences/2008/proceed/papers/MEHMO350.pdf>

<sup>276</sup> 26.

<sup>276</sup> Frederick Herzberg, *Work and the Nature of Man*, 197.

Salary as "all sequences of events in which compensation plays a role."<sup>277</sup> The base attrition projection and the outcomes of the three policy change scenarios are all presented on X.



**Figure 22: Outcomes of policy change scenarios in comparison to the base scenario**<sup>278</sup>

The authors of this study concluded that "the simulation results indicate policies implemented individually provide a temporary reduction in the total attrition rate and in the long run reduction in attrition rate does not sustain long but again starts increasing."<sup>279</sup>

Family Considerations, Work Life Balance, Nature of Work Itself and, to a lesser degree, Pay and Benefits have been cited by military members in numerous studies as influencing their intent to leave the CAF. Furthermore, these are largely the same areas that generational literature cite when advising organizations on how to retain members of Generations X and Y. As a result, it is clear that the CAF needs to focus retention strategies at combating these issues. In the preceding discourse, current CAF initiatives in these areas have been presented. While objectives and milestones to address some of

<sup>277</sup> *Ibid.*, 195.

<sup>278</sup> Arif Mehmood and Jules Vanie, "Evaluating Strategies for Controlling Attrition Rate ...," 26.

<sup>279</sup> *Ibid.*, 26.

these concerns are found in policy and strategy documentation, there is little available information indicating what has actually been implemented, save for two policy changes that serve to act as dissatisfiers and do not serve the CAF's desire to retain experienced personnel. As a result, the retention strategies and initiatives of foreign militaries and other organizations will be reviewed to determine if there are innovative policies in place elsewhere that could be implemented within the CAF to address the four main reasons cite by military members in influencing their intent to leave.



## CHAPTER SEVEN - CONTEMPORARY RETENTION INITIATIVES

*Commanders at all levels...are accepting and embracing the benefits of flexible work arrangements to achieve a work life balance that better accommodates spouse employment, children's schooling and other family considerations.*

- Australian Defence Force

The preceding discourse has identified why individuals are leaving the CAF, why it is so important for the CAF to motivate and retain them and an employee motivation theory that the CAF could exploit to increase job satisfaction and thus retention. Having correlated the four main reasons influencing military members intent to leave to the elements of Herzberg's Two Factor theory and reviewed the current CAF retention initiatives, it is clear that there are opportunities for the CAF to improve policies to increase retention. In this chapter, the best practices of foreign militaries and other organizations will be reviewed for innovative ideas in the realm of Family Considerations, Work Life Balance, Nature of Work Itself and Pay and Benefits. As opposed to presenting an overview of attrition rates and retention strategies of foreign militaries and other organizations, this section will focus on outlining any initiatives that have been implemented elsewhere that could be employed by the CAF to motivate personnel within the vision of Defense Renewal and to address the four main areas that influence intent to leave within the CAF.

Looking to foreign militaries for inspiration is an obvious choice as they have many of the same obligations and constraints as the CAF. Based on the 2004 Australian Defence Force Exit Survey, Australian military members cited similar reasons for their decision to leave, including: desire for less separation from family, desire to stay in one place, ability to make a career change while still young enough and better career

prospects in civilian life. This resulted in the 2006 Recruiting and Retention Strategy that, in terms of retention, introduced "initiatives to provide contemporary rewards for a competitive market place and value people through flexibility and choice."<sup>280</sup>

Family Considerations include "the effect of members' postings on their ability to maintain family, their spouse/partners' employment, their children's education and the opportunity to settle down in a certain area, the feeling that the community in which they live is home"<sup>281</sup> The Australian Defence Force (ADF) addressed the effect postings were having on members' families by "implement[ing] the Married With Dependents - Separated (MWDS) Allowance."<sup>282</sup> This initiative was coupled with the

ADF Family Stability Initiative [that] gives ADF members who are required to relocate on posting the opportunity to choose geographic stability for their families. This means that families may elect to remain in their current location to achieve educational consistency for children and employment continuity for spouses and partners, while the ADF members proceed on their new postings unaccompanied. Allowing ADF members to choose what is best for them and their families is intended to encourage continued military service.<sup>283</sup>

Included within this benefit is the annual allowance for six subsidized trips to permit the ADF member to return home to their families. It is sadly ironic that at a time when foreign militaries are implementing policies to address the Family Consideration concerns of their members that the CAF has opted to cancel such policies. With geographic stability in mind, the ADF has committed "to provide members and their families with

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<sup>280</sup> John D.V. Vass, "Retention in the Canadian Forces," (master's thesis, U.S. Army Command and General Staff College, 2007), 51.

<sup>281</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 61.

<sup>282</sup> John D.V. Vass, "Retention in the Canadian Forces," 53.

<sup>283</sup> *Ibid.*, 53.

greater geographic stability whilst still offering maximum opportunities for individuals to meet career milestones required for promotion and further development."<sup>284</sup>

As acknowledged previously, Work Life Balance is a very broad term that means different things for different people. Often when Work Life Balance is discussed in relation to military members, it is in the context of operational tempo and deployments. In the British Armed Forces, it was observed that "people want time for learning, time for family and time for themselves. Increasingly young people have highlighted the fact that family and social life is sacred. If they can attain this work-life balance then they are more likely to be retained in their jobs."<sup>285</sup> Based on discussions with peers and observations of same said peers over the recent years, and particularly as this cohort collectively approach IE20 completion, Work Life Balance often takes on the guise of more time to spend with young children and the ability to take some time away from the job for an extended period of time to travel or volunteer. While the five weeks annual leave that CAF members receive, in addition to the provision of salary top up during maternity and paternity leave, is generous, other militaries are providing their personnel with even greater opportunities to have time for other interests outside of work. As a short term benefit, tied to signing on for an additional contract, both Australia and New Zealand provide extended leave opportunities to their experienced personnel. In Australia, the ADF has provisions for Long Service Leave, the purpose of which "is to provide a member who has served for 10 years or more the opportunity for an extended period away from the work environment. This type of leave may be taken on either Full Pay or

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<sup>284</sup> Australian Army, "Increased Geographic Stability," last accessed 26 June 2014.

<http://www.army.gov.au/Army-life/Army-careers/Project-Boomerang/Benefits/Geographic-stability>

<sup>285</sup> Dawn Johansen, "Military Recruitment and Retention Strategies: United Kingdom," in *Recruiting and Retention of Military Personnel*, RTO-TR-HFM-107, North Atlantic Treaty Organization, October 2007, 2G6.

Half Pay."<sup>286</sup> In New Zealand, Long Leave provides for "20 working days leave [to be] given to long serving personnel to enable them to take a significant break from duty."<sup>287</sup>

While the CAF does increase the annual allocated of leave from 25 days to 30 days after a member has served 28 years, the opportunity exists for the CAF to provide more for members sooner.

Taking member feedback concerning work life balance seriously, the ADF has implement an innovative flexible work arrangement policy, an overview of which is provided below:

Defence recognises the demands placed on Defence members and their families during operations, key training exercises and high tempo periods in the workplace. When not undertaking these activities, Defence members may at times need access to 'people friendly' employment policies that enable them to balance the demands of their military service with their family and/or other personal responsibilities and obligations. In recognition of this, the Australian Defence Force (ADF) has in place a number of flexible work arrangements (FWA) that Defence members can access. These arrangements are Home Located Work (HLW), Variable Working Hours (VWH), Alternate Located Work (ALW), Remote Overseas Work (ROW) and Part-time Leave Without Pay (PTLWOP). The variety and availability of these arrangements aim to enhance the longer term retention of all Defence members.<sup>288</sup>

Working from home, job sharing, considered within PTLWOP, and variable work hours have traditionally been viewed as work arrangements that not complimentary to the military work environment, however, the ADF has found that while "the type of tasks suited to different forms of FWA will vary,...most jobs offer scope to enable Defence members to achieve a work-life balance."<sup>289</sup> Amongst other scenarios given, FWA is

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<sup>286</sup> Zhigang Wang and Leesa Tanner, "Military Compensation and ...," 39.

<sup>287</sup> *Ibid.*, 40.

<sup>288</sup> Department of Defence, *Military Personnel Policy Manual* (Canberra: Defence Publishing Service, October 2013), part 7, chap 6, para 6.1.

<http://www.defence.gov.au/DPE/PAC/>

<sup>289</sup> *Ibid.*, part 7, chap 6, para 6.8.

presented as "allowing greater participation in the care and nurturing of a child, or children, in the two year period immediately following the birth"<sup>290</sup> and "enabling Defence members to meet their personal responsibilities and obligations."<sup>291</sup>

While not specifically tied to a retention strategy, The Royal Canadian Mounted Police provides its' members with a form of LWOP that may address some of the Family Consideration concerns cited by military members and thus result in retention. Leave under the Care and Nurturing of Preschool Children provision allows "for a maximum of five years total in a member's service."<sup>292</sup> Such a type of LWOP, similar to the ADF FWA policy outlined above, might provide the "career/family balance options for women at mid-career"<sup>293</sup> as sought within the Career/Employment Management LOO of the *CF Retention Strategy* Campaign Plan.

As discussed in the last Chapter, the subject of Pay and Benefits is often discussed when investigating retention initiatives. In terms of pay as an absolute base salary, the findings from the CF Retention or CF Exit Surveys do not warrant an investigation in to an increase in the current CAF pay guide. Several of the ideas discussed above concerning Family Considerations and Work Life Balance, however, are forms of benefits. And, of course, each of the proposed benefits comes with a price tag. The needs and wants of members of Generation X and Y are varied and it therefore should be acknowledged that individuals value different items within the greater realm of compensation and benefits. Given that the CAF is operating in a time of fiscal restraint, it is clear that the CAF cannot provide everything to all members. As a result, the CAF may

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<sup>290</sup> *Ibid.*, part 7, chap 6, para 6.7.

<sup>291</sup> *Ibid.*, part 7, chap 6, para 6.7.

<sup>292</sup> Brad Reid, email with author, 30 May 2014, with permission.

<sup>293</sup> Department of National Defence, *Military Personnel Retention Strategy*, Annex A.

benefit from implementing a flexible benefit program that allows members to tailor their compensation package to their individual needs. Through such programs, also known as cafeteria benefit programs,

workers are provided a benefit and service account with a specified number of dollars in the account. Through deductions from this account, employees shop for specific benefits from among those offered by the employer. The types and prices of benefits are provided to each employee in the form of a computer printout...employees select their package of benefits and services for the coming year.<sup>294</sup>

Though it is noted that "this approach creates additional administrative costs and an obligation for the human resource department to advise employees...technology is changing the way companies handle flexible benefits enrolment and communication."<sup>295</sup>

Notwithstanding the upfront burden associated with implementing a flexible benefit program "several studies have shown that innovative and flexible benefit plans are very effective tools in attracting and retaining highly skilled staff."<sup>296</sup> Another criticism of flexible benefits programs is "that too many choices could lead to sub-optimal choices and hence job dissatisfaction."<sup>297</sup> Despite these drawbacks, the U.S. Navy concluded that "in complex multi-choice environments, individuals, on average, make optimal choices. The research on decision-making in complex environments lends support to the use of flexible compensation plans."<sup>298</sup>

As discussed previously, Family Considerations, Work Life Balance and Pay and Benefits are categorized as Hygiene factors by Herzberg. As it could be argued,

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<sup>294</sup> H. Schwind, *et al.*, *Canadian Human Resource Management: A Strategic Approach*, 10<sup>th</sup> ed. (Canada: McGraw-Hill Ryerson, 2013), 379.

<sup>295</sup> *Ibid.*, 379.

<sup>296</sup> *Ibid.*, 381.

<sup>297</sup> Tanja Blackstone, "Compensation: US Navy Research Initiatives and Application," in *Recruiting and Retention of Military Personnel*, RTO-TR-HFM-107, North Atlantic Treaty Organization, October 2007, 3H25.

<sup>298</sup> *Ibid.*, 3H25.

particularly based upon the findings of recent CF Retention and CF Exit surveys, that there is a prevalence of Hygiene-seekers, vice Motivator-seekers, within the CAF who will find a certain degree of job satisfaction through Hygiene centered initiatives, implementing policy changes in the three aforementioned areas are likely to support the retention of experienced personnel. The long term key to job satisfaction, organizational commitment and, the focus of this paper, retention, however, lies within addressing concerns associated with the Nature of Work Itself. In this realm, members of Gen-Xers are looking for state of the art resources, technology and training while members of Generation Y are looking for varied job role and training. Traditionally, varied job role within the CAF has been fairly straightforward as frequent postings to new organizations and bases/wings have provided members with varied job roles. For the author, frequent postings have resulted in employment in first line maintenance squadrons, project management offices and training establishments. At a time when military members are telling the CAF that they want geographic stability for family reasons, however, the varied job roles associated simply by posting a member may not be as available. Additionally, while it is hoped that the cumulative outcome of Defence Renewal is additional funding to be directed at procuring state of the art capabilities for the CAF, this is a lofty goal and will take time. As a result, the CAF will need to be more innovative in assisting members in finding job satisfaction. To this end, as the majority of foreign military retention initiatives deal with compensation and benefits and their impact on Family Considerations and Work Life Balance, the CAF must look to academic literature and industry for suggestions on improving the Nature of Work Itself.

According to Laura Miller of the RAND Corporation, one such avenue for improving the Nature of Work Itself is sabbaticals in academia and corporate

environments, which "are a time-honoured way to step aside from the daily grind and intellectually reboot."<sup>299</sup> She further explains that "because the Army cannot simply hire a large pool of mid-level officers, it strives for an unprecedented low rate of officer attrition. The Army recently bolstered retention incentives, including case bonuses, expanded graduate education opportunities, and choice of assignment or post - all tied to additional service commitments."<sup>300</sup> Miller suggests that sabbaticals "would offer a break from a brutal deployment cycle and develop capabilities for future deployments and higher-level assignments," arguing that sabbaticals "would remove officers from operational assignments for a relatively shorter term than graduate school and offer enrichment for those who excel in "hands-on" learning."<sup>301</sup> Given that the CAF already has a robust Advanced Training List (ATL) where members often proceed on postings to a university, both within and outside of Canada, to pursue a Master's degree for a minimum of two years, incurring a not insignificant cost move in relation to this posting, the proposal of a one-year sabbatical may be in keeping with the Defence Renewal vision of a lean and efficient CAF. Should the CAF decide to incorporate this as a retention strategy, it may be beneficial to implement this initiative for targeted personnel close to the end of their current TOS who sign a contract for additional service. While not necessarily related to improved retention, another potential beneficial outcome from sabbaticals that could act hand-in-hand with Defence Renewal is Miller's suggestion that the exposure to corporate domains such as law, government, management and business administration, to name just a few, and their respective frameworks and strategies

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<sup>299</sup> Miller, Laura L., "Give them Sabbaticals," originally published in USA Today on 7 May 2008, RAND Corporation, last accessed January 13, 2014, <http://www.rand.org/commentary/2008/05/07/USAT.html>

<sup>300</sup> *Ibid.*

<sup>301</sup> *Ibid.*



"expands the officers' toolkit and counters Army "groupthink.""<sup>302</sup> It is quite possible that CAF members would return from such sabbaticals with innovative ideas on how to "better conduct the business of defence, that frees up resources to be reinvested in operational capabilities and readiness, and that delivers the best military capabilities at the best value for Canadians."<sup>303</sup>

In this Chapter, the best practices of foreign militaries and other organizations were reviewed to assess if any initiatives that have been implemented elsewhere that could be employed by the CAF to develop an environment that encourages motivation and to address the four main areas that influence intent to leave within the CAF. Based on this review, it is apparent that there are opportunities for the CAF to leverage from policies implemented elsewhere, particularly in Australia and industry, to position the CAF as an employer of choice and to motivate and retain experienced personnel.

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<sup>302</sup> *Ibid.*

<sup>303</sup> Department of National Defence, *Defence Renewal Charter*, 3.

## CHAPTER EIGHT - CONCLUSION AND RECOMENDATION

The CAF is operating in an ever more complex environment where security threats both home and abroad are increasingly unpredictable while the availability of personnel, "Defence's most important resource"<sup>304</sup>, is at a premium due to numerous factors including the impending retirement of baby boomers, a smaller post FRP bubble cohort and the evolving needs of Generation X and Generation Y members. In order to motivate and retain the experienced personnel that the CAF requires to achieve the missions set out within the CFDS, the CAF must ensure that it is an employer of choice. Lacking unlimited resources to retain these personnel, the CAF must achieve this goal within the Defence Renewal vision of a "lean and efficient organization."<sup>305</sup> Fostering an environment where personnel are motivated in their jobs will enable the CAF "to get better at achieving the maximum value of every dollar in order to carry the CFDS momentum forward."<sup>306</sup> The push to retain experienced personnel is not simply an exercise in resource management; it is an operational requirement. While the spotlight on retention may have dimmed in recent years due to lower attrition rates and despite forecasts in 2011 that the voluntary attrition rate would decrease, attrition has increased over the past three fiscal years while recruitment has failed to meet targets. Coupled with future demographic challengers, there is a real need for innovative policies to motivate and retain talented and experienced personnel in the CAF.

To this end, the 2009 *CF Retention Strategy* must be revised. The preceding discussion has established the foundation for this revision. An evaluation of the current

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<sup>304</sup> Department of National Defence, *Canada First Defence Strategy*.

<sup>305</sup> Department of National Defence, *Defence Renewal Charter*, 7.

<sup>306</sup> Department of National Defence, *Defence Renewal Charter*, 7.

CAF demographics highlighted three distinct groups within the CAF and foreshadowed a troubling personnel future for the CAF. As outlined in Chapter Two, these groups were established based upon YOS as of March 2011 and loosely correlated to generational differences. As these groups were established based upon 2011 data, those who are still serving in uniform are three years older in 2014.

Group	YOS	Age	Generation
1	20 or more	40 and older	Generation X and Baby Boomer
2	10 to 19	30 to 39	Generation X
3	0 to 9	20 to 29	Generation Y

**Table 8: Generalized Correlation between YOS, Age and Generation as of 31 March 2011**

While all members of the CAF are valuable resources, Table 1 serves as a starting point to understand the personnel that the CAF is trying to motivate and retain.

Members of Group 1, the senior leaders and policy makers within the CAF, are predominantly Baby Boomers and place a high value on their work. The future leaders of the CAF, however, in Group 2, are Gen-Xers and place a high value on work life balance. There are significantly fewer members of this group as many of this cohort either left the CAF during the FRP period, or simply didn't have the opportunity to join the CAF due to a recruiting freeze. That a smaller Group 2 will soon take over the helm from a larger Group 1 dictates that efforts must be taken to motivate and retain members of both groups to ensure that the CAF has the experienced leadership it needs to move forward with Defence Renewal. The last of the three cohorts outlined in Chapter Two is Group 3. While short and medium term initiatives can be implemented to retain individuals within Groups 1 and 2, understanding the needs and expectations of members of Generation Y, including the value they too place on work life balance, in addition to promoting a culture that fosters Motivator-seekers, will position the CAF as the employer of choice over the

long term. While the minimum goal of the CAF should be to retain the majority of personnel until IE20/25, this paper focuses on situating the CAF as an employer of choice such that they remain in the CAF until CRA 60. In the ideal situation, the CAF would position itself such that Dysfunctional Turnover was minimized and that Terms of Service Boards were required. While situating itself as the employer of choice to encourage retention to IE20/25 and beyond, however, the CAF needs to do more than simply keep bodies in uniforms. In light of Defence Renewal's vision of a "lean and efficient" organization, it is critical that those remaining in uniform experience job satisfaction and be motivated in the achievement of their specific tasks within the greater mission of the CAF as set out in the *CFDS*.

Having a better understanding of who the CAF needs to retain is one element of the analysis; understanding what motivates them to remain in an organization and what reasons are influencing their intent to leave are two additional key components. Herzberg's Two Factor Theory provides this understanding by advising that "the factors involved in producing job satisfaction were *separate* and *distinct* from the factors that led to job dissatisfaction."<sup>307</sup> This insight allows the CAF to anticipate the expected results from different policy initiatives. As discussed in Chapter Five, Hygiene factors can at best create no dissatisfaction on the job, while their absence creates dissatisfaction. Motivator factors, on the other hand, produce job satisfaction. Understanding the nuances of job satisfaction is an important step in shaping the CAF culture as improving job satisfaction not only fosters an environment where personnel are motivated toward their job, it has also been found to increase members' organizational commitment, decrease turnover, and thus increase retention.

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<sup>307</sup> Frederick Herzberg, *Work and the Nature of Man*, 76.

With this in mind, member feedback was condensed in Chapter Four to reveal four main areas on which motivation and retention initiatives should be focused. These areas, and their applicable categorization based on Herzberg's theory, are listed in Table 6.

Reason (alphabetical)	2010 CF Retention Survey	2012 CF Retention Survey	CF Exit Survey <sup>1</sup>	Herzberg Factor
Family Considerations <sup>2</sup>	X	X	X	Hygiene - Personal Life
Nature of Work Conducted <sup>3</sup>		X	X	Motivator - Work Itself
Pay and Benefits	X			Hygiene - Salary
Work Life Balance <sup>4</sup>			X	Hygiene - Personal Life

Notes: <sup>1</sup> As reported in the *Annual Report on Regular Force Attrition 2010/2011*

<sup>2</sup> Including postings, choice of postings, geographic stability and career management (as discussed in Chapter Three).

<sup>3</sup> Though no definition of job dissatisfaction was found in example CF Retention Surveys, the author assumes that Job Dissatisfaction relates to dissatisfaction with the members job or tasks, thus Work Itself, as opposed to job dissatisfaction as it relates to Herzberg's Two Factor Theory.

<sup>4</sup> Work Life Balance was categorized as Hygiene as Herzberg indicated that personal life included any scenarios "in which some aspect of the job affected the individual's personal life in such a way as to make the effect a factor in the respondent's feelings about his job."<sup>308</sup>

**Table 9: Categorization of Influence on Intent to Release Survey Results in Accordance with Herzberg's Two Factor Theory**

The prevalence of findings concerning Family Considerations and Work Life Balance is a reflection of the generational shift that the CAF, in addition to the Canadian workplace at large, is experiencing. While the majority of policy is set by senior managers of the Baby Boomer generation, who value work above all else, Gen-Xers and members of Generation Y place a higher value on Work Life Balance, which in many areas blends in to the realm of Family Considerations. As Herzberg's study concluded that to truly motivate employees, and thus to nurture organizational commitment and retention, "companies needed not only to achieve acceptable hygiene levels but also to institute practices that

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<sup>308</sup> *Ibid.*, 197.

made people happy,"<sup>309</sup> the CAF, in an effort to motivate and retain its experienced members, must strike a balance between satisfying their Hygiene needs and fostering their Motivator needs.

In the current environment it is unreasonable to expect that the CAF can realistically address all the feedback from members while fostering their Motivator needs. Rather sagely, Herzberg observed that "obviously, no job can provide all these ingredients at one time. Nor, perhaps, can all jobs provide all these ingredients at different times. However, some of these components of psychologically rewarding jobs must be present."<sup>310</sup> Consequently, the CAF must revise the 2009 *CF Retention Strategy* to focus on addressing the Hygiene factors of Family Considerations, Work Life Balance, and Pay and Benefits and the Motivator factor of Nature of Work Itself. Implementing measures to address both Hygiene and Motivator needs should serve to decrease job dissatisfaction, increase motivation through job satisfaction and increase retention. Having reviewed current CAF initiatives as well as those of foreign militaries and other organizations, the following recommendations for a revised CF Retention Strategy are provided.

## **FAMILY CONSIDERATIONS**

With the aim of addressing expressed dissatisfaction concerning the "the effect of members' postings on their ability to maintain family, their spouse/partners' employment, their children's education and the opportunity to settle down in a certain area, the feeling that the community in which they live is home,"<sup>311</sup> it is recommended that the CAF derive and implement a policy aimed at increasing geographic stability similar to the ADF's

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<sup>309</sup> Barnaby J. Feder, "F. I. Herzberg, 76, Professor And Management Consultant."

<sup>310</sup> Frederick Herzberg, *Work and the Nature of Man*, 178.

<sup>311</sup> Department of National Defence, *Annual Report on Regular Force Attrition 2010/2011*, 61.

Family Stability Initiative. As part of this initiative, the CAF should reverse CANFORGEN 145/12 CMP 063/12 - CF Compensation and Benefit Framework 301435Z JUL 12 and re-institute IR allowances. Embedded within this policy should be the requirement for military members to acknowledge that increased geographic stability does not mean that they will never move and that there could be career implications associated with infrequent postings.

## **WORK LIFE BALANCE**

Recognizing the value Gen-Xers and members of Generation Y place a high value on their time and they "want time for learning, time for family and time for themselves,"<sup>312</sup> it is recommended that the CAF derive and implement a policy aimed at increasing work life balance similar to the ADF flexible work arrangements (FWA) policy. Specifically in terms of a short term retention initiative, it is recommended that the CAF adopt New Zealand's Long Leave policy for members who sign a new contract beyond their IE20 or IE25 and for members who commit to serving an additional contract beyond 35 years of service.

## **PAY AND BENEFITS**

Understanding that the needs and wants of members of Generations X and Y are varied and that individuals will value different aspects within a compensation and benefit package than their peers, it is recommended that the CAF derive and implement a flexible benefit program that allows members to tailor their compensation package to their individual needs. The arcs of fire of such a program would need to be assessed, but it is

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<sup>312</sup> Dawn Johansen, "Military Recruitment and Retention Strategies: United Kingdom," 2G6.

recommended that the benefits members choose from be broad ranging in terms of the benefits currently provided and include dependent health care, leave, education reimbursement, and allowances.

## **NATURE OF WORK ITSELF**

Speaking to the obvious challenge of translating his theory in to practice, Herzberg wryly observed "what recommendations can be made to industry in order to carry out the ideas propounded in this book? I am tempted to reply that if I had the answers, I would program them and make a living in a much easier way that by writing books."<sup>313</sup> While the above recommendations would serve to meet the Hygiene needs of military members, focusing on Motivator needs, in this instance the Nature of Work Itself, is the key to true job satisfaction. In the long term, Defence Renewal is directed at optimizing expenditures such that more capabilities outlined in the CFDS can be delivered, which will appeal to the technology needs of Gen-Xers and members of Generation Y and thus facilitate job satisfaction. In the short term, it is recommended that the CAF continue with educational re-imburement and derive and implement a sabbatical policy.

As the CAF is in many ways limited in how it can improve the conditions related to the Nature of Work Itself, developing an environment that more naturally facilitates job satisfaction in a broader context, and thus organizational commitment and retention, requires that the CAF provide "the ingredients that man required on his job if he is to continually find satisfaction in doing it."<sup>314</sup> Where the current retention strategy has a

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<sup>313</sup> Frederick Herzberg, *Work and the Nature of Man*, 171.

<sup>314</sup> *Ibid.*, 177.



LOO directed at leadership, it is recommended that the revised retention strategy focus on addressing these ingredients, which are outlined in Table 5.

Motivator	Growth Principle
Achievement and Recognition	Opportunity to increase knowledge
Responsibility	Opportunity to increase understanding
Advancement	Opportunity to experience ambiguity in decision making

**Table 10: Motivator and Associated Growth Principle**

## CONCLUSION

For the most part, those responsible for implementing policy changes are from a different generation than those that the CAF aiming to motivate and retain. It is imperative that those in the positions to make change understand that it is a

mistake to view generational characteristics as merely a life state, or a fad that they will outgrow as they age...What has been proven is that values, attitudes, and priorities are established and identifiable early in life. Generations do not change over time to look identical to how their parents looked at the same age but rather a generation is a product of their current age, their times, and importantly the formative technologies and social markers that uniquely shape them.<sup>315</sup>

The CAF cannot expect Generation Y/Group 3 to conform to old styles because "that is what we got." Thus the CAF must move forward with implementing changes that will motivate and retain experienced personnel. Intelligent policy changes to successful motivate and retain experienced personnel will require that the CAF focus on both Hygiene and Motivation factors. As Herzberg clarified, "of course attention to hygiene needs is important, for without it any organization will reap the consequences of unhappy people. The error lies in assuming that prevention will unleash positive feelings and the returns of increased creativity, productivity, lowered absenteeism and turnover, and all

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<sup>315</sup> McCrindle Research, "New Generations at Work," 14.

other indices of manpower efficiency."<sup>316</sup> The recommendations for a revised CAF Retention Strategy outlined herein should lay the foundation for the an environment where personnel are motivated in their jobs such that the CAF "to get better at achieving the maximum value of every dollar in order to carry the CFDS momentum forward."<sup>317</sup> Simply looking at the current attrition rates, finding them to be satisfactory and accepting the status quo should not be an option. To succeed within the vision of Defence Renewal, the CAF must "continuously [find] ways to better conduct the business of defence, that frees up resources to be reinvested in operational capabilities and readiness, and that delivers the best military capabilities at the best value for Canadians."<sup>318</sup> Implementing the initiatives recommended herein represents a better way to conduct the business of motivating and retaining the very people who are Defence's most important resource.

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<sup>316</sup> Frederick Herzberg, *Work and the Nature of Man*, 169.

<sup>317</sup> Department of National Defence, *Defence Renewal Charter*, 7.

<sup>318</sup> *Ibid.*, 3.

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